



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**  
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI  
A HO'OMĀKA'IKA'I

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR

**JAMES KUNANE TOKIOKA**  
DIRECTOR

**DANE K. WICKER**  
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [dbedt.hawaii.gov](http://dbedt.hawaii.gov)

Telephone: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**JAMES KUNANE TOKIOKA**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON TOURISM AND  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY**

Thursday, February 12, 2026  
10:30 AM  
State Capitol, Conference Room 423

In consideration of  
**HB 1950**  
**RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Chairs Tam and Ilagan, Vice Chairs Templo and Hussey, and Members of the Committees:

The Department of Business, Economic Development and Tourism (DBEDT) supports HB1950, 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.

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.



TESTIMONY OF  
**CAROLINE ANDERSON**  
Interim President & CEO  
**Hawai'i Tourism Authority**

before the  
**HOUSE COMMITTEES ON TOURISM AND ECONOMIC DEVELOPMENT &  
TECHNOLOGY**

Thursday, February 12, 2026  
10:30 a.m.  
State Capitol, Room 423

In consideration of  
HB 1950  
**RELATING TO THE TRANSIENT ACCOMMODATIONS TAX**

Aloha Chairs Tam and Ilagan, Vice Chairs Templo and Hussey, and Members of the Committees:

The Hawai'i Tourism Authority (HTA) offers comments in support of HB 1950, which would create a State-Led Marketing and Branding Special Fund from a percentage of the transient accommodations tax (TAT) revenues, and requires the Department of Business, Economic Development and Tourism to submit an annual comprehensive marketing, branding, and tourism management plan for legislative approval by concurrent resolution before the start of the fiscal year.

HTA agrees with the bill's sentiment that marketing is not an expense but an investment, and with the importance of marketing investment in our state's largest economic generator: tourism. Hawai'i's tourism industry has a record of success spanning more than a hundred years, and that continues to this day. Our recently concluded marketing campaign, "The People. The Place. The Hawaiian Islands," generated \$406 for every marketing dollar we invested.<sup>1</sup>

We believe that the bill's TAT percentage allocation will better align budgets with visitor spending and market conditions than a flat rate. Since COVID, our competitors have increased their tourism budgets, allowing them to take market share from Hawai'i, and Hawai'i has not adapted. Based on data from 2023 and 2024, Hawai'i ranks sixth among

---

<sup>1</sup> The 2024 campaign reached 49 percent of targeted households and resulted in ad-aware visitors spending 26 percent more per person per day than average travelers. The campaign generated over \$2.1 billion in influenced visitor spending, yielding \$406 for every dollar spent from July to December 2024. (source: SMARInsights Campaign Effectiveness – Wave 3, March 2025)

states and territories in state (territory) tourism agency spending. Hawaii trails behind California, Illinois, Florida, Puerto Rico, and Oregon<sup>2</sup>.

HTA recommends that HB 1950 designate the funds to the Tourism Special Fund mentioned above, thereby eliminating confusion caused by creating a new state-led marketing and branding special fund.

HTA respectfully seeks clarification on key implementation issues to ensure continuity and effectiveness. The bill requires that all expenditures from the new special fund depend on legislative approval of a comprehensive plan “before the beginning of the fiscal year.” If a concurrent resolution is not adopted by that date, spending could halt, disrupting active campaigns, time-sensitive opportunities, and existing contracts. HTA requests guidance on what occurs if legislative action is delayed and whether an interim authority or contingency process is intended to prevent an operational standstill.

Mahalo for the opportunity to share our comments in support of HB 1950.

---

<sup>2</sup> Source: USTA



February 10, 2026

Representative Adrian Tam, Chair  
Representative Shirley Ann Templo, Vice Chair  
House Committee on Tourism  
Representative Greggor Ilagan, Chair  
Representative Ikaika Hussey, Vice Chair  
House Committee on Economic Development and Technology  
Hawaii State Legislature

### **Support for HB1950**

Dear Chair Tam, Chair Ilagan, Vice Chair Templo, Vice Chair Hussey and Members of the House Committees on Tourism, Economic Development and Technology,

On behalf of the Kohala Coast Resort Association (KCRA) thank you for providing us with the opportunity to provide our **STRONG SUPPORT of HB1950** creating the Marketing and Branding Special Fund, and setting aside fifteen percent of state Transient Accommodations Taxes (TAT) for this important purpose.

Hawaii has been struggling without dedicated marketing dollars for far too long. We see our competitors gaining a greater percentage of our market share and now is the time to act. As was presented during the Pacific Asia Travel Association and Travel and Tourism Research Association's economic summit last week in Waikiki, global competitors continue to out-pace Hawaii, and Honolulu was not in the top 10 searches for travel for nearly a year! We need to reverse these trends as the tourism sector is the state's economic engine.

It is also important for those involved in the accommodations sector to see where the TAT is allocated. This dedicated use of the tax – to market and brand Hawaii – is why the tax was initially created.

We urge you to continue to move this important legislation forward.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is fluid and cursive.

Stephanie Donoho, Administrative Director, Kohala Coast Resort Association

Craig Anderson, VP Operations, Mauna Kea Resort –President  
Charlie Parker, General Manager, Four Seasons Hualalai – Vice President  
Mark Goldrup, General Manager, Waikoloa Beach Marriott – Secretary  
Pete Alles, Regional VP and GM, Mauna Lani, Auberge Resorts Collection – Treasurer  
Pat Fitzgerald, CEO, Hualalai Investors – Board of Directors  
Daniel Scott, Managing Director Rosewood Kona Village – Board of Directors  
Samantha Jones, DOSM, Fairmont Orchid – Board of Directors  
Scott Head, VP Resort Operations, Waikoloa Land Company – Board of Directors  
Jim Russell, Director of Rooms, Hilton Waikoloa Village – Board of Directors  
Rob Gunthner, Area VP Resort Operations, Hilton Grand Vacations – Board of Directors



GRAND NANILOA

a DOUBLETREE by Hilton™

February 11, 2026

**Support for HB1950**

Dear Chair Tam, Chair Ilagan, Vice Chair Templo, Vice Chair Hussey, and Members of the House Committees on Tourism, Economic Development and Technology,

On behalf of The Naniloa Hotel 'Ohana and the always-challenged secondary target market of Hilo, thank you for the opportunity to provide our **strong support of HB1950**, which creates the Marketing and Branding Special Fund and dedicates fifteen percent of state Transient Accommodations Tax (TAT) revenues for this critically important purpose.

Hawai'i—and Hilo in particular—has been struggling without dedicated marketing dollars for far too long. During this time, we have watched our competitors gain a greater percentage of market share. As presented during the Pacific Asia Travel Association and Travel and Tourism Research Association economic summit last week in Waikīkī, global competitors continue to out-pace Hawai'i. We must reverse these trends, as the tourism sector remains the state's economic engine.

It is also essential for those in the accommodations sector to understand how TAT revenues are allocated. This dedicated use of the tax—to market and brand Hawai'i—is consistent with the original intent behind its creation.

We respectfully and urgently ask you to move this important legislation forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'Niklas Dahm'. The signature is fluid and cursive, with a long horizontal stroke extending to the right. It is positioned over the printed name and title of the signatory.

Niklas Dahm  
General Manager  
Grand Naniloa Hotel/ Kalihikai Restaurant  
A Doubletree by Hilton Hotel  
93 Banyan Drive, Hilo, HI 96720

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Earmark for State-Led Marketing and Branding Special Fund

BILL NUMBER: HB 1950

INTRODUCED BY: TAM, GEDEON, HUSSEY, ILAGAN, TEMPLO

EXECUTIVE SUMMARY: Establishes the State-led Marketing and Branding Special Fund and requires 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. Requires the Department of Business, Economic Development, and Tourism to develop and submit to the Legislature an annual comprehensive marketing, branding, and tourism management plan.

SYNOPSIS: Adds a new section to chapter 201, HRS, to establish a new State-Led Marketing and Branding Special Fund.

Amends section 237D-6.5, HRS, to earmark 15% of TAT to the new special fund.

EFFECTIVE DATE: July 1, 2026.

STAFF COMMENTS: This measure increases the earmarking of TAT revenue with a new earmark to a new special fund.

Special funds are pots of money that exist for a specific purpose and largely bypass the legislative appropriation process. The existence of hundreds of these special funds has often confounded those who seek answers to simple questions like “How much money does the State have?”

Our Legislature is supposed to be the steward of all state moneys, but special funds make it very easy to lose track of where the money is and how it is being spent. Departments are supposed to tell the Legislature if they have special funds and how much is in them, but let’s just say they don’t always. Recently, in Report No. 20-01, the State Auditor took DBEDT to task for failing to report \$6.5 million in non-general fund moneys. DBEDT’s response? Just that they’ll “take corrective action.” This followed closely on the heels of Report No. 19-16, where the Auditor found that \$1.04 million in non-general fund moneys administered by the Attorney General wasn’t reported. That department responded that they “shall establish procedures to assure required reports are issued.” Is it any wonder that it’s getting harder and harder to follow the money and rein in government spending?

Perhaps as the result of the foregoing concerns, the Legislature has itself established criteria for when a special fund may be maintained (HRS section 37-52.3). Those criteria are that the special fund:

- (1) Serves a need, as demonstrated by:
  - (A) The purpose of the program to be supported by the fund;
  - (B) The scope of the program, including financial information on fees to be charged, sources of projected revenue, and costs; and
  - (C) An explanation of why the program cannot be implemented successfully under the general fund appropriation process;
- (2) Reflects a clear nexus between the benefits sought and charges made upon the program users or beneficiaries or a clear link between the program and the sources of revenue, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;
- (3) Provides an appropriate means of financing for the program or activity that is used only when essential to the successful operation of the program or activity; and
- (4) Demonstrates the capacity to be financially self-sustaining.

Here, there is no indication that the new marketing special fund is or can be financially self-sustaining. There is no explanation of why destination marketing cannot be funded out of general appropriations as it is now. This special fund is thus inappropriate, as is the proposed method of financing the fund.

Furthermore, with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether too little or too much revenue has been diverted from other priorities in the state budget.

Digested: 2/11/2026