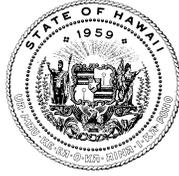


JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
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KALI WATSON
CHAIRPERSON, HHC
Ka Luna Ho'okele

KATIE L. LAMBERT
DEPUTY TO THE CHAIR
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS
Ka 'Oihana 'Āina Ho'opulapula Hawai'i

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TESTIMONY OF KALI WATSON, CHAIR
HAWAIIAN HOMES COMMISSION
BEFORE THE HOUSE COMMITTEE ON
JUDICIARY & HAWAIIAN AFFAIRS
ON FEBRUARY 12, 2026 AT 2:00PM IN CR 325

HB 2400, RELATING TO ECONOMIC DEVELOPMENT

February 12, 2026

Aloha Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **supports** this bill which appropriates funds for DHHL projects eligible for general fund revenues that are generated by increases in transient accommodations tax collections and intended to be expended equally across projects related to natural resources, climate resilience, and destination management.

This legislative proposal was approved by the Hawaiian Homes Commission as part of DHHL's 2026 Legislative Package. This bill reflects the many DHHL projects that fit the criteria for projects pursuant to Act 96, Session Laws of Hawaii 2025. Appropriating funds to support qualifying projects will protect the interests of beneficiaries of the Hawaiian Homes Commission Act, 1920, as amended, and advance State policy.

Thank you for your consideration of our testimony.



*Testimony of
Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association*

*Committees on Economic Development & Technology
Thursday, February 12, 2026*

HB 2400– RELATING TO ECONOMIC DEVELOPMENT

Chair Tarnas, Vice Chair Poepoe, and Members of the Committee,

The Hawai'i Lodging & Tourism Association (HLTA) OPPOSES House Bill 2400 which appropriates funds for Department of Hawaiian Home Lands (DHHL) projects eligible for general fund revenues that are generated by increases in transient accommodations tax (TAT) collections and intended to be expended equally across projects related to natural resources, climate resilience, and destination management.

As the state's largest private sector tourism organization, representing nearly 50,000 hotel rooms, and 40,000 lodging employees, HLTA is committed to tourism management in Hawaii focused on strategic, community-based, and sustainable oversight of the visitor industry, designed to balance economic benefits with the preservation of natural resources and cultural heritage.

We appreciate the intent of this measure and share the Legislature's commitment to supporting the DHHL and improving infrastructure, climate resilience, and natural resource protection across the State.

However, we respectfully oppose this bill due to the lack of a clear nexus between transient accommodations tax (TAT) revenues and the proposed dedication of those funds to DHHL projects, as well as the significant policy implications of diverting revenues intended for tourism management.

Act 96 established a framework for directing incremental TAT revenues toward projects that protect natural resources, improve climate resilience, and enhance destination management. This framework is grounded in the principle that increased visitor-generated revenues should be reinvested in managing the impacts of tourism and sustaining the visitor experience that drives those revenues in the first place.

While many DHHL projects may be worthy and meet the technical eligibility criteria under Act 96, this bill effectively repurposes visitor-generated revenues for programs that do not have a direct connection to tourism impacts or destination management. This weakens the nexus between the tax source and its

use, raising concerns about long-term fiscal integrity and precedent for future diversions of TAT revenues away from their intended purpose.

Equally important, this bill would reduce the limited pool of funds available for critical tourism management needs, including beach maintenance, visitor safety, environmental mitigation, and destination management initiatives. These investments are not discretionary; they are essential to protecting community quality of life and ensuring that tourism remains sustainable over the long term.

Tourism continues to be a primary driver of the State's economy, and its impacts on infrastructure, natural resources, and local communities require ongoing, dedicated management. Diverting TAT revenues away from these purposes risks undermining the very systems needed to support responsible tourism and the revenues upon which the State relies.

For these reasons, while we respect the goal of supporting DHHL and addressing infrastructure and resilience needs, we believe this bill represents an inappropriate use of TAT-derived revenues and sets a concerning policy precedent.

Accordingly, we respectfully urge the Committee to oppose this measure or amend it to preserve the intended purpose of TAT revenues for tourism management and visitor impact mitigation.

Mahalo for your time and consideration.

Mufi Hannemann
President & CEO
Hawai'i Lodging & Tourism Association

HB-2400

Submitted on: 2/11/2026 2:49:25 PM

Testimony for JHA on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Shelby "Pikachu" Billionaire	Kingdom of The Hawaiian Islands & Ohana Unity Party	Support	Remotely Via Zoom

Comments:

HB2400 - Relating to Economic Development

SUPPORT

Aloha,

Support HB2400, appropriating TAT increase revenues to DHHL for natural resources, climate resilience, and destination management projects. Tourism dollars redirected to trust lands build sustainability and benefit beneficiaries directly. It addresses climate threats while supporting stewardship. Pass this for resilient, pono economic growth.

Mahalo,
Pikachu Shelby Billionaire



Maui Hotel & Lodging
ASSOCIATION

*Committees on Economic Development & Technology
Thursday, February 12, 2026*

HB 2400– RELATING TO ECONOMIC DEVELOPMENT

Testimony in Respectful Opposition to HB2400

Submitted by: John Pele, Executive Director, Maui Hotel and Lodging Association

Chair Tarnas, Vice Chair Poepoe, and Members of the Committee:

Mahalo for the opportunity to provide testimony in respectful **opposition** to HB2400.

Our industry proudly contributes hundreds of millions of dollars annually through the Transient Accommodations Tax (TAT). We understand and support the intent of Act 96 (Session Laws of Hawaii 2025), which dedicates increased TAT revenues toward protecting Hawaii’s natural resources, strengthening climate resilience, and improving the visitor experience. These investments are critical not only for residents but for sustaining Hawaii’s long-term economic vitality.

We also recognize and respect the important work of the Department of Hawaiian Home Lands (DHHL) and the need to adequately fund infrastructure, fire mitigation, watershed protection, and community resilience projects that benefit beneficiaries and surrounding communities.

However, we have serious concerns with HB2400 for the following reasons:

1. Diversion from the Framework Established Under Act 96

Act 96 established a clear structure: incremental TAT revenues are to be requested through the executive budget and distributed equally across three defined categories, including visitor experience and destination management. HB2400 proposes to appropriate substantial funds outside of that balanced, executive-budget-driven framework. This risks undermining legislative intent and the predictability that stakeholders relied upon when Act 96 was enacted.

2. Erosion of Dedicated Visitor-Generated Revenue Purpose

TAT is paid primarily by visitors and administered through businesses in the visitor industry. The justification for maintaining Hawaii’s relatively high TAT rates has been that the funds are reinvested into resource protection, climate resilience, and destination management directly connected to the visitor economy. While many projects listed in HB2400 are worthwhile public infrastructure investments, several extend beyond the nexus of visitor impact mitigation and

visitor-related resource stewardship. Broadening the use of TAT-derived funds in this manner may weaken public trust and the policy rationale for future TAT allocations.

3. Long-Term Sustainability of the Visitor Industry

Hawaii's visitor industry remains highly sensitive to cost competitiveness. As one of the highest-taxed visitor destinations in the nation, we must ensure that TAT revenues are deployed strategically to protect the natural and cultural assets that draw visitors here. If TAT revenues are redirected in ways that dilute direct reinvestment into visitor-impact mitigation and destination stewardship, it may ultimately undermine both visitor satisfaction and long-term revenue stability.

4. Budget Process and Fiscal Discipline

Act 96 specifically requires that qualifying projects be included through the executive budget request process. This provides transparency, prioritization, and fiscal discipline. Appropriating funds outside of that process for projects that "may not be included in the executive budget request" creates precedent for bypassing established planning mechanisms and could open the door to further fragmentation of dedicated funding streams.

The visitor industry stands ready to support responsible investment in climate resilience, wildfire prevention, watershed protection, and infrastructure that protects both residents and visitors. We simply urge the Legislature to preserve the integrity, transparency, and intended balance of Act 96 and the TAT revenue framework.

Mahalo for the opportunity to testify and for your continued leadership in stewarding Hawaii's resources and economy.

John Pele

Executive Director - Maui Hotel and Lodging Association

HB-2400

Submitted on: 2/12/2026 3:50:32 AM

Testimony for JHA on 2/12/2026 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Angela Young	CARES	Support	Remotely Via Zoom

Comments:

Support.