“Overtourism“

At times, tourism can become a victim of its own successes. Many are referring to the global phenomenon of dramatic tourism growth as “overtourism.” Meanwhile, destinations around the world have resorted to measures to curb the growth of visitors, some of them draconian. That need not be the case in Hawai‘i if we put in place ways to accommodate growth while also preserving our quality-of-life and natural resources. We need to manage tourism better - not just market for quantity in tourism numbers, but constantly identify and incorporate measures that will focus on attracting quality visitors. To this note, the Hawai‘i Tourism Authority has produced a statewide tourism strategic plan to address the challenges of tourism growth and development. The counties of Kaua‘i and Maui have formulated and adopted their own tourism strategic plans, and we would like to see similar plans developed for the City and County of Honolulu, and the County of Hawai‘i.

This session, the Hawai‘i Lodging & Tourism Association will be closely monitoring measures that are aimed at ensuring that our resources and our infrastructure is properly funded and maintained. The visitor industry is already doing its part as is indicated through the promotion of resiliency and sustainability programs supported by our members. This includes hotel participation in the Green Business Program, the funding of the Waikiki Business Improvement District Association, and Waikiki Special Improvement District Association, as well as the contributions made annually to the many nonprofit organizations dealing with issues from homelessness to ecotourism. In the realm of managing tourism, HLTA has been
working closely with HTA and HVCB to promote a greener, healthier Hawai‘i, and to bring all the necessary stakeholders to the table to effect tangible change.

**Transient Vacation Rentals (TVRs)**

The issue of transient vacation rentals remains another major priority of the HLTA. Proposed measures addressing this issue at the state level have failed to reach an agreement between the State Senate, House of Representatives, and the Executive Branch for four years, and we have since focused our attention on addressing this issue at the county level. Last year, the City & County of Honolulu passed the most comprehensive measure in the state to regulate short term rentals. Upon the signing of Bill 89 (2018), all counties have now established laws to regulate the illegal short-term rental market. Following the establishment of Ordinance 19-18, the Honolulu City Council subsequently passed a bill that would create a separate real property tax classification for both transient vacation rentals and bed & breakfast units, a provision our organization has been pushing since the beginning of the TVR discussion. Moreover, last year, Maui County passed enabling legislation to a 2018 charter amendment that would substantially increase the fines against operators who are running a short-term rental illegally.

From an advocacy perspective, we will continue to work with our state policymakers to support legislation that will create parity between the traditional brick-and-mortar hotel industry and transient vacation rentals, using the counties success as a catalyst. We will continue to advocate for the following:

1. The collection of mandatory taxes from operators of short-term rentals;
2. Transparency, openness and accountability for both the online platforms and the individual operators;
3. Provision to address the registration of transient vacation rentals and requiring hosting platforms to further provide detailed information to the department of taxation on the operators from which they are collecting taxes; and
4. Legislation that will hold the online operators responsible for delisting transient vacation rentals from their sites that do not comply with registration requirements or county land use laws.

**Homelessness**

Over the past five years, HLTA and our members have raised well over $3 million to relieve the homelessness situation throughout Hawai‘i. In 2018, we helped to pass a bill that would allow the state to distribute matching funds to agencies working with the homeless in tourism-impacted areas. HLTA has since collaborated with HTA to administer $1 million in State matching funds, across all counties, to help
assist programs dealing with this multi-faceted issue. This year, we will once again seek the $1 million in State matching funds to help our local communities address this very critical and challenging issue.

**Creation of new taxes and surcharges that would IMPACT the hospitality industry:**
During the 2019 legislative session, a bill was passed to apply the TAT to all hotel “resort fees,” after the measure was defeated the year prior. There seems to be a growing tendency in our local government to turn to Hawai‘i’s lodging industry to cover budgetary shortfalls. Instead, government should take advantage of opportunities to collect taxes on short-term rentals in these instances. HLTA continues to oppose any further increase to the Transient Accommodations Tax and additional surcharges and taxes imposed specifically on the hospitality industry.

**Real Property Tax Increases:**
Last year the City & County of Honolulu and the County of Maui both passed measures to substantially increase the real property tax rate for hotels and resorts. Property valuations continue to rise by double digit percentages resulting in increased tax collection year-over-year, and we continue to see the lack of transparency in regards to where the monies are going, and the justification on why county government needs to raise the RPT rate. To this end, the visitor industry came out in droves to oppose this tax hike; however, despite numerous hearings and meetings, both county councils passed the legislation. This year we will continue to oppose these tax increases, particularly keeping an eye on the other counties as they could use the examples of O'ahu and Maui to raise their own real property tax rates.

**Increasing the cost of doing business**
The visitor industry is highly competitive, and higher taxes and operating costs can only hurt businesses in Hawai‘i. Our competitors often have lower room rates due to the lower overall cost of doing business (labor, property taxes, utilities, fees, etc.). In Hawai‘i, high business costs and tax rates make it increasingly difficult for businesses to be profitable and competitive, both in the domestic and international markets. HLTA remains resolutely in opposition of any proposals that would raise the cost of business operations in the state.

**Transient Accommodations Tax:**
The Hawai‘i Lodging & Tourism Association opposes any increases in the Transient Accommodations Tax (TAT) or additional taxes directed at the hospitality industry. We also continue our strong support for TAT funding priorities to be allocated for marketing funds and community programs for HTA, assistance to all four counties, and support for the Hawai‘i Convention Center.
Public Safety
Last year, the HLTA partnered with the HTA, Hawai‘i Hotel & Visitor Industry Security Association, Waikiki Improvement Association, and the Waikiki Business Improvement District Association to host the 2nd Visitor Public Safety Conference, a meeting of the minds event that was originally modeled after the 1997 Visitor Crime Solutions Conference. Last year’s conference put a laser-like focus on homelessness, resulting in major funding for organizations in the Honolulu area that are working hand-in-hand with the Honolulu Police Department. This March, we will host the third iteration of this conference on O'ahu and, for the first time, on Maui to: give an overview of public safety priorities; address key initiatives being proposed at both the state and county levels; and to follow-up with advocacy efforts at both the state legislature and the county councils.

HLTA also believes that we should continue our best efforts at the federal, state, and county levels to work with all stakeholders to ensure that our communities and islands are prepared to deal with all natural or man-made disasters. Emergency preparedness initiatives at all levels should be supported and emphasized.

Airports Corporation
The Airports Corporation, in which all airports now managed by the state government would be directed by a public corporation, remains a top priority for HLTA.

The establishment of Airports Corporation should enable projects and improvements to be completed faster and more cost-effectively than under the current system. The condition of our airports makes the first and last impressions on our millions of visitors, and it is high time we had a corporation like this to make the changes and enhancements the airports need without the delays created by a large bureaucracy. Even better, this corporation will be in place at absolutely no additional expense to taxpayers, as the airlines themselves will help foot the bill.

Workforce Development
One of the challenges that the visitor industry faces is ensuring we have an educated and well-trained workforce that can assume the myriad jobs and responsibilities in the industry. HLTA spends considerable time and effort in strengthening workforce development within our educational institutions, touching upon the secondary school, community college, and university levels around the state. Last year we partnered with HTA to establish and launch the Ho'oilina Scholarship, a full, 4-year scholarship awarded to ten graduating high school seniors pursuing a degree in hospitality and tourism.
management. For the inaugural year, nine recipients ended up attending the University of Hawai‘i at Mānoa, with one matriculating at Hawai‘i Pacific University. This year HLTA and HTA are partnering with the University of Hawai‘i Shidler College of Business to offer eight Ho‘oilina scholarships at University of Hawai‘i at Manoa, and two at University of Hawai‘i West O'ahu.

In addition to this new and successful initiative, we continue to award tens of thousands of dollars in scholarships annually, nurture growth with young people in the industry, inspire student engagement with the professional world, encourage internships with our member organizations, and involve our industry leaders in mentoring opportunities. Additionally, one of our overarching goals is to assist and help Hawai‘i public schools to seek national accreditation for their hospitality and culinary academies.

We applaud the diversification efforts that our state is making to help bolster our economy. But, at the end of the day, tourism will remain our bread and butter, our core competence. The realm of hospitality touches all facets of education and employment. To this end, we have also established committees, councils, and initiatives such as our Generational Mentoring (GM) Program, Engineers Advisory Council, Human Resources Council, Hospitality’s Young Professionals & Entrepreneurs, and our Hospitality Housekeepers Council, each of which support our endeavors in various fields and professions. We look forward to continuing working with both public and private partners, as well as industry stakeholders such as the Hawai‘i Tourism Authority to support meaningful, substantive measures and initiatives that meet the challenges of our time.