



HAWAI'I LODGING & TOURISM

A S S O C I A T I O N

Hawai'i Lodging & Tourism Association Government Affairs Position Statement 2021

The past year has seen the worldwide community suffer from the worst public health crisis since the Spanish Flu more than a hundred years ago. The COVID-19 pandemic has disproportionately affected the travel industry and has thrown Hawai'i's strongest and most consistent economic sector into a tailspin. An industry that welcomed more than 10 million visitors in 2019 saw less than 3 million travelers arrive in 2020. Visitor spending dropped by more than \$12.5 billion. Thousands were furloughed and the future remains uncertain.

As we move into 2021, the COVID-19 vaccine has begun to be disseminated, and we are all optimistic that recovery is on the way for our industry and its people. Below you will find position statements on a variety of issues that have affected our industry in the past and stand to harm our industry in the future. These are the areas where HLTA's government affairs arm will focus its efforts in the coming year at the State and county levels.

Tourism Management

The past year brought numerous debates regarding tourism, tourism management, and “overtourism” to a head. From the devastating effects that the COVID-19 pandemic had on an economy which relies so heavily upon tourism, to the seemingly miraculous recovery of Hanauma Bay without thousands of visitors per day, there have been countless developments that have renewed calls around the state for a re-examination of tourism and its place as the top economic driver of Hawai'i's economy. Historically, these discussions have always included consideration of the need for our local economy to diversify away from tourism. HLTA's longstanding position has always been that we agree that we should consider and explore any means of strengthening our economy. However, in the wake of COVID-19 and its effects on our economy, we must rely on tourism to provide immediate economic stability in the short-term. In 2019, tourism generated upwards of \$2.07 billion in State tax revenue and supported more than 250,000 jobs. Visitors to Hawai'i spent \$17.72 billion at local hotels, in local restaurants, and at local businesses. It is clear that there is no short-term replacement for tourism at this point in time.

In regards to tourism management, HLTA's position has always been that we support sensible, conscientious tourism that creates the best possible situation for local residents and visitors alike. During the upcoming legislative session, our organization will be closely monitoring any measure that takes a negative stance against tourism in a manner that would negatively affect the lives and livelihoods of the thousands of men and women who comprise an industry that is

already suffering. Moreover, we will also keep a watchful eye out for any measures that propose thoughtful and responsible management of our local tourism economy that takes into account our native culture, environment, and lifestyle. This is an opportune time to make any necessary changes that would benefit both Hawai'i residents and future visitors to our islands.

Travel to Hawai'i

While we understand the need to respect "home rule" and allow counties the discretion to install rules that best suit their communities, HLTA feels strongly that the State will need to develop and codify statewide rules and guidance for travel to Hawai'i. COVID-19 will be with us for a long time to come, and we need to ensure that we have clear rules that make travel simple, accessible, and safe. As such, HLTA would support attempts to enact travel policies at the State level that are aimed at preventing the risk of spreading COVID-19 and streamlining the arrival process.

HLTA has strongly supported Governor David Ige's Safe Travels Program from its inception. However, in an effort to make the pre-arrival testing process as amenable to travelers as possible, we have requested the following amendments to the program:

- Increase the window during which travelers could take their pre-arrival test from three days to four or five days.
- Should a traveler satisfy the required testing within 72 hours of their planned departure, but not have their test results in hand when their flight is set to leave, allow them a 24 to 48-hour window to await their test results to be uploaded to the Safe Travels app before departing for Hawai'i to avoid being subject to the mandatory 10-day quarantine.
- Make available testing upon arrival in O'ahu via the mobile testing lab at Daniel K. Inouye International Airport for passengers whose pre-arrival test results have not yet been uploaded to the Safe Travels website.

Our organization will continue to lobby the governor for these needed amendments.

Healthy Building Ordinances, Right to Recall Measures, and COVID-19 Legislation

HLTA recognizes the need for clearly defined health and safety standards in our industry to mitigate the risk of a future viral outbreak. In the earliest days of the COVID-19 public health crisis, our organization created our Health, Safety, & Security Standards which were ultimately vetted and approved by the State Department of Health for this very reason.

However, we will staunchly oppose any proposed legislation that would allow either our county or State governments to dictate the manner in which industry members operate their businesses. Legislation like the Healthy Building Ordinance in San Francisco or the Honolulu City Council's proposed Bill 80 (2020) represent a significant overreach by government into private business and would only hamper our industry's efforts to bring our people back to work as quickly as possible in a manner that keeps both residents and travelers healthy and safe.

COVID-19 Fines

Recent research by the State DOH has indicated that the spread of COVID-19 in Hawai'i can be directly linked to community members rather than travelers. It is local residents who continue to put our entire community at risk by not heeding the three W's: wash your hands, wear your mask, and watch your distance. Our organization has voiced strong support for the levying of

fines for those who have flouted COVID-19 mandates such as mask requirements, hosting large gatherings, and breaking quarantine. In the past, these mandates have been ruled misdemeanors and have lacked the necessary clout to truly be enforced. HLTA would strongly support applying a fine to these infractions similar to a parking ticket. This would not only make enforcement more viable, but also create a new revenue stream for our local governments.

COVID-19 Liability Protection

Despite the best efforts of owners and operators to re-open while adhering to the most current health and safety standards, there still exists the underlying risk that a guest, customer, or even employee may contract the COVID-19 virus while patronizing the business or working. As such, HLTA will look to support any proposed measures that would provide immunity from civil actions to business owners and operators that are abiding by the latest state and county mandates regarding COVID-19 mitigation and safety efforts.

Increases to the “Cost of Doing Business” in Hawai‘i

The worldwide travel industry is a highly competitive market in which Hawai‘i has always led the way as a premier travel destination. Locally, high costs of doing business as well as tax rates have led to lower profit margins and increased difficulty for businesses of all types to be both competitive and profitable. In the post-COVID-19 market of the future, Hawai‘i’s tourism industry will be forced to fight to retain its status as a premier destination. Part of what makes Hawai‘i such a desirable destination is the depth and breadth of what we offer to visitors. This ranges from our cuisine to our attractions to our resorts. Any decline in our overall tourism economy will have a trickle-down effect on countless facets of our overall economy. As such, HLTA will staunchly oppose any proposed measure that would raise the cost of business operations and put unneeded stress on an already hamstrung tourism industry.

Our organization will also continue to oppose the creation of any new fees or taxes that are applied solely to the visitor industry. In recent years, there has been a tendency for our local governmental bodies to look to the travel industry as a means to make up budgetary shortfalls through the creation of revenue streams via vehicles like the application of the TAT to resort fees. This will only create further costs that will ultimately be passed to the customer making it more difficult to attract and retain the type of high-quality travelers that our industry is working to bring to Hawai‘i.

Real Property Tax Increases

HLTA recognizes that each of the four counties are facing significant budgetary shortfalls in the wake of the COVID-19 pandemic. We further understand that these counties will be seeking out revenue streams to support core City services. As such, we will oppose any proposed Real Property Tax rate hike that unfairly targets the lodging industry. We will look for and request equity in any proposal regarding Real Property Taxes.

Unemployment Tax Rate

The State Department of Labor and Industrial Relations is scheduled to notify local employers of the State unemployment tax rate by mid-March. Due to depletion of State funds, it is highly likely that the tax rate could be shifted to the highest level. This will ultimately lead to businesses that have been forced to reduce their workforce or employee hours, such as many hospitality

industry businesses, will face higher unemployment taxes. This will only place further stress on already hampered businesses that are struggling to keep their doors open.

As such, HLTA will oppose any increase to the unemployment tax rate. Moreover, our organization would look to support any legislation that would provide relief in this area for struggling businesses.

Transient Accommodations Tax

HLTA will continue to oppose any increase to the current TAT rate.

The budgetary shortfalls currently being experienced by our State and county governments could have some calling for a rate increase to the TAT to fund core services. Much like “cost of doing business” fees, this increase would be passed to the customer making it all the more difficult for our industry to be competitive while also being profitable.

HTA Funding

With the lack of TAT dollars to our state, our organization will advocate for adequate funds to be allocated to the Hawai‘i Tourism Authority which will play an outside role in honing our tourism offerings and marketing Hawai‘i to travelers around the world.

Public Safety

Prior to the pandemic, HLTA hosted several iterations of its successful Visitor Public Safety Conference. Partnering with organizations like Hawai‘i Hotel & Visitor Industry Security Association, Waikiki Improvement Association, and the Waikiki Business Improvement District Association, HLTA brought together community stakeholders, elected officials, and public safety professionals to address issues including homelessness, the late night cabarets in Waikiki, and the need for more security cameras in the Waikiki district. These conferences have served as catalysts for important policy changes that have benefitted our community in its entirety.

In 2021, we will again hold the VPSC but in a virtual format. Our goal will be to expand the reach of this conference with one iteration being held in each county so as to focus on that county’s particular issues.

Transient Vacation Rentals

The COVID-19 pandemic acutely illustrated the negative impact that unregulated and illegal TVRs can have on a community. It is our belief that countless untested travelers utilized TVRs to circumvent the mandatory 14-day quarantine and ultimately led to further, unnecessary spread of the COVID-19 virus.

HLTA’s longstanding position has been that we support the existence of TVRs within properly zoned areas so long as these units are paying the appropriate taxes and fees. Our county governments have made headway in the effort to better regulate an industry that has grown exponentially over recent years, and we feel strongly that it is time for our State government to enact and enforce legislation as it pertains to these units.

We will continue to advocate for the follow:

1. The collection of mandatory taxes from TVR operators.
2. Transparency and accountability for both online advertising platforms and individual operators.
3. A provision that would address the need to register TVRs and require hosting platforms to provide detailed information to DOTAX regarding the operators from which they are collecting taxes.
4. Legislation that will hold online operators responsible for delisting TVRs from their sites that do not comply with registration requirements or county land use laws.

Homelessness

Our industry has achieved a great deal of success partnering with nonprofit organizations that work to address homelessness in tourism-impacted areas. Despite the well-intentioned and creative efforts of many in the community, homelessness remains a major issue statewide.

Historically, the Visitor Industry Charity Walk has been a consistent source of funding that our organization has distributed to nonprofits, stakeholders, and homelessness service providers who work tirelessly to solve the issue of homelessness in our community, and we were able to increase the impact of these monies through State matching funds. Knowing that State monies will be hard to come by in these fiscally austere times, our intention is to continue our efforts to identify and source both public and private funding, solicit in-kind donations, and develop innovative programs and initiatives to address homelessness.

Human Trafficking

In a geographical location that counts tourism among its top economic drivers, we must be cognizant of the fact that 63% of human trafficking occurs on hotel properties of all types from economy to luxury. Our industry embraces the fact that we are uniquely positioned to address this blight on our community. In January of 2020, HLTA announced our Human Trafficking Disruption Plan that gives local hoteliers and their staffs a framework to make their respective properties inhospitable to human traffickers. The document also provides a pathway to report possible instances of human trafficking.

We will continue to support any meaningful legislation that seeks to address this issue.