



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Hawai'i Lodging & Tourism Association Government Affairs Position Statements 2022

Tourism Management

2021 saw the local tourism sector undergo several misfires as surges in COVID-19 led to pauses and resummptions in travel to Hawai'i. During upticks in tourism, we saw firsthand the pent-up demand for travel and witnessed how quickly arrival numbers could rebound. During downtimes however, it was plain to see just how much visitors affect local businesses in all sectors including not only the lodging industry but also restaurants, attractions, retail, transportation, and even agriculture. It remains perfectly clear that Hawai'i must rely upon tourism as its core competency now more than ever.

Despite this, the past year has seen antitourism sentiments rise to an all-time high, calls for limitations and caps on tourism have grown louder than ever, and the concept of an economic diversification away from tourism has continued to gain traction. In the last normal year of travel, the tourism sector generated more than \$2.07B in State tax revenue and supported more than 250,000 jobs while visitors spent \$17.72B at local hotels, restaurants, and small businesses. Until a viable alternative economic sector presents itself or is developed, Hawai'i will remain dependent on tourism, and it is our position that there is no short-term replacement. Moreover, any diversification efforts should occur concurrently as tourism continues to keep businesses open and local residents employed.

HLTA has long supported the quality over quantity tourism model. We feel strongly that a quality tourism market creates the best possible situation for both residents and visitors alike. As such, we will continue to watch for any measure that takes an overtly negative or punitive stance against tourism in any manner that would affect the lives and livelihoods of the countless men and women who comprise this industry. These would include any measure that would artificially cap the number of tourists who are allowed to travel to Hawai'i as well as any proposed moratoriums that unfairly target our industry. Early this year, the Maui County Council voted to override Mayor Victorino's veto on Bill 148 (2021) which established a two-year moratorium on all new transient accommodations in Maui. Despite the strong opposition from HLTA and a coalition of business groups, labor unions, and community members that we partnered with, we fell one vote short of sustaining the mayor's veto. Our position is that moratoriums such as this

are not the answer to better tourism management but will instead have unintended ramifications on our hospitality industry.

On the other end of the spectrum, we will look to support measures that propose thoughtful approaches to the management of our tourism economy and take into consideration key components such as perpetuating our local culture, protecting our environment, and preserving our way of life. For instance, HLTA strongly supports the implementation of impact fees at popular sites so long as the monies generated are withheld from State or county general funds and are instead used specifically for the operation and maintenance of the site at which they are collected. This concept has been successfully utilized in locales around the world including our very own Hanauma Bay on O‘ahu.

Healthy Building Ordinances & Right to Recall

From early on in the pandemic, HLTA recognized the need for clearly defined health and safety standards that specifically worked to mitigate the risk of exposure to the COVID-19 virus. We developed our Health, Safety, & Security Standards through careful research of best practices suggested by organizations such as the CDC, the WHO, OSHA, and with input from our own industry stakeholders. HLTA launched this initiative at the onset of the pandemic which resulted in the local lodging sector being the first to have its standards reviewed and approved by the State Department of Health.

HLTA views public safety and proper health protocols as a top priority. However, we will oppose any legislation that would allow either the State or any county government to regulate how industry members conduct their businesses. In the past, HLTA successfully led the charge against several legislative items modeled after San Francisco’s Healthy Building Ordinance. This was done through our defeat of Honolulu City Council Bill 80 (2020) and by opposing the introduction of similar legislation at the State Legislature. Both measures represented gross overreach by local government into private business.

Our industry has proven that we can keep our workers and our guests safe through a pandemic while working hand in hand with our state leaders and elected officials. We feel strongly that government oversight is unnecessary.

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

Last year, our industry vigorously opposed the passage of House Bill 862 which, among other things, stripped the counties of their Transient Accommodation Tax allocation and allowed county governments to enact their own TAT up to three percent. The Hawai‘i Tourism, Business, & Community Coalition, an alliance of tourism, business, labor, and community organizations led by HLTA, successfully petitioned Governor Ige to veto the measure, but ultimately fell a single vote shy of the necessary votes to sustain the veto during the Legislature’s Special Session.

In the time since its passage, each of the counties has established their own surcharge. The various county councils are now looking to the State Legislature to propose a measure that would abolish the three-percent cap—further increasing costs to both hoteliers and travelers. As it relates to state and county taxes and fees, Hawai‘i is among the most expensive places to visit

and, coupled with inflation and the overall high cost of doing business here, this has led to lower profit margins and greater difficulty for local businesses to profit.

It is our position that further cost increases will ultimately be shifted to prospective customers who will be further incentivized to spend their vacations at other leisure destinations. It also encourages extractive and exploitative travelers to stay at short-term rentals rather than in a resort district.

As such, HLTA will staunchly oppose any measure that increases the cost of doing business in Hawai'i. This includes rate hikes of the General Excise Tax and the Transient Accommodations Tax as well as the establishment of any new fees or taxes that cannot be directed back to a local resource.

Hawai'i Tourism Authority Funding

With the passage of House Bill 862 during the last Legislative Session, the dedicated funding to the Hawai'i Tourism Authority was stripped, and the agency will now be forced to request funding from the Legislature each year. HLTA recognizes the important role that HTA and adjacent organizations like the Hawai'i Visitors & Convention Bureau play in management and marketing of the local tourism sector.

Moving forward, HTA will require adequate funding to responsibly market Hawai'i to the rest of the world and to facilitate and execute the Destination Management Action Plans that have been created for each of the islands. These things considered, we will oppose any further reduction in HTA's annual budget.

Public Safety

Hawai'i has long been able to market itself as among the safest premier destinations in the world. However, the economic, emotional, and physical stresses caused by the pandemic and job market instability have led to spikes in crime.

In 2018 HLTA launched the inaugural Visitor Public Safety Conference (VPSC) as a forum for public safety officials, industry stakeholders, and community leaders to come together and identify short and long-term goals and solutions in the realm of safety and security. This past year, HLTA hosted its 3rd annual Visitor Public Safety Conference in partnership with the Waikiki Business Improvement District, Waikiki Improvement Association, Hawai'i Hotel Visitor Industry Security Association, Visitor Aloha Society of Hawai'i, and the Retail Merchants of Hawai'i. As a coalition, we worked closely with officials from Mayor Blangiardi's administration, the Honolulu Police Department, Prosecutor Steven Alm, Honolulu City Council Chair Tommy Waters, as well as other industry partners and community organizations to discuss courses of action that would make our community safer for residents and travelers alike.

We will be closely watching for any legislative proposal that would make State funding available for public safety initiatives such as the establishment of a Weed & Seed site in Waikiki.

Transient Vacation Rentals

HLTA's longstanding position has been that we support the existence of TVRs within properly zoned areas—such as resort districts—provided these units are operating legally and are paying the appropriate taxes and fees. Over the past few years, each of the counties has made substantial

headway in addressing the proliferation of illegal short-term rentals. Every county council has passed legislation stipulating where and how legal units may operate, but the limiting factor has been the inability to monitor and enforce county ordinances as they pertain to illegal units. To overcome this hurdle, each county has approached the issue in their own fashion. On Maui, we would like to see more funding available for the administration to actively enforce their TVR laws, while on Hawai‘i Island the administration and county council has said that they are working on updating their TVR rules and regulations that we intend to support. Kaua‘i has already enjoyed a great deal of success in focusing their efforts on cracking down on the number of illegal advertisements posted on online hosting platforms, and we will continue to monitor their efforts in this regard.

While we support all these efforts, we feel strongly that Honolulu’s Bill 41 (2021), which was proposed, by the Department of Planning & Permitting and passed by the Honolulu Planning Commission, is a big step in the right direction. First and foremost, the proposed legislation sets the minimum rental period at six months—a steep increase from the current period of 30 days. Moreover, Bill 41 would sharply increase the fine for illegal units from \$10,000 to \$25,000. Finally, the measure creates “additional sources of funding for the administration and enforcement” of the City’s short-term rental laws. As it is written, this measure would further codify the rules by which TVRs must abide in the City & County of Honolulu and will likely spur similar legislation in each of the counties.

HLTA has been a proponent of TVR legislation at the state level before, and we would support any efforts by the Legislature to work with the counties to rein in these illegal units which are a blight in our island communities.

Homelessness

HLTA has an established history of working with the Legislature to secure funds to address homelessness in our state. Our efforts have taken several forms including the administration of matching funds that were distributed to local organizations working with homelessness and the successful repatriation programs that we have supported which reconnects transplant homeless individuals with family members or friends outside of Hawai‘i.

HLTA will seize any opportunity to secure State funding to support these ongoing efforts.

Climate Change

The local lodging industry has a proven track record when it comes to being mindful of our natural resources, enacting sustainable practices, and making efforts to retrofit and streamline operations in order to lessen its impact on the local environment. These efforts are undertaken by individual hotels of their own volition in recognition of how precious a resource the environment is. We do our utmost to protect the land and do not need to be taxed or further regulated in this area.

HLTA will oppose any proposed legislation that seeks to address climate change by disproportionately targeting the tourism industry or travelers through policies such as green fees.

Workforce/Affordable Housing

The pandemic exposed several weaknesses in our economy—most notably the migration of

workers to locales outside of Hawai'i. Businesses of all types and sizes are currently experiencing an inability to hire qualified workers and are suffering as an overall result.

To that end, HLTA is actively working with the State Legislature, the State Department of Education, The University of Hawai'i, the UH Community Colleges System, education nonprofits, and leaders from the hospitality industry on a workforce development initiative that aims to reshape the tourism pathway in our educational system and connects local students with job training and certifications that will prepare them for a career in hospitality. Additionally, we would like to proactively encourage efforts to reform and revive the School of Travel Industry Management at the Shidler College of Business back to the world class institution that it once was.

HLTA will look to promote and support legislation that provides dedicated funding for these workforce development efforts, provides assistance to those that have been disproportionately affected by the pandemic, and further develops the affordable housing market for our local people.