2022 represented another year and another step toward consistency and normalcy for the local tourism sector. Visitor arrivals have stabilized just slightly behind what we experienced in 2019—the last full year prior to the COVID-19 pandemic. International travel has not yet fully returned to pre-pandemic levels, and we continue to feel the absence of visitors from the Japanese market which features travelers who fit our ideal profile by staying longer, spending more, and who are generally respectful of our home, our people, and our culture.

The Department of Business, Economic Development, & Tourism has reported that 2022 visitor arrivals represent a 90.9% recovery of 2019 totals. While final statistics for the entirety of 2022 are still being compiled, we can safely say that visitor spending has outgrown what we experienced in 2019, though much of this can be attributed to inflation and increased costs that are passed down to the consumer.

To the greater public, this is easily dismissed as a sign of health for the tourism industry, but care must still be taken not to upend this economic sector which—prior to the pandemic—generated more than $2.07B in State tax revenue, supported more than 250,000 jobs, and totaled more than $17B spent by visitors in local hotels, restaurant, small businesses, and the like.

Though our industry has not yet fully recovered, it remains the economic driver for our state, and we remain thoroughly convinced that this will continue for the foreseeable future.

A side-effect of the seeming health of our industry has been renewed debate regarding tourism, its purpose, and how it should exist within and alongside our community and our residents. This has resulted in a marked increase in attempts to curb or limit tourism via legislative intervention including visitor caps, moratoriums, and more. These proposals are short-sighted in that they glaringly overlook the sheer number of Hawai‘i residents who rely upon the industry for employment, not to mention the significant amount of money that tourism injects into our state’s economy.

Our position remains unchanged: until an economic diversification initiative is identified that can replace the jobs and revenues currently supported by tourism, Hawai‘i will rely upon visitors as a major portion of its livelihood.

In the meantime, we should continue to diversify within tourism, creating synergistic relationships between our industry and others to further develop subsectors such as film tourism, which has proven to be especially viable in Hawai‘i through projects like the productions of Hawaii Five-0, Magnum P.I., and NCIS: Hawai‘i. Even during the pandemic, the film industry
continued on and successfully filmed an entire season of Temptation Island on Maui. There is also much room to grow sports tourism, a sector of our industry that already includes successful, annual events like the Ironman World Championships, the Sony Open, and the Maui Jim Invitational on Maui. Moreover, we feel strongly that there is significant opportunity to develop tourism within the health and medical field as well as surrounding cultural and arts events.

This can all be achieved through a shared and collaborative effort across the board. Our experience during the pandemic forced us to collaborate even more than in the past, and HLTA strove to build bridges and coalitions to reach our common goals. We enjoyed immense success as a result of groups like the Hawai‘i Tourism, Business, & Community Coalition and the Visitor Public Safety Coalition—both of which we established during the pandemic.

Working together with our partners, we will continue to hone our overall product, better manage the impacts that it has on our community and natural resources, and work towards a sustainable tourism industry that benefits both travelers and locals alike.

**Overreach into Private Business**

Over the past several years, several legislative measures have advanced that would have resulted in severe government overreach into the operations of private business. HLTA appreciates the desire of local legislators to expediently produce results for their constituents, but we will strongly oppose any measure that would entail local government inserting itself in the operations of private businesses.

We also recognize that changes are often necessary and can oftentimes take too long to occur. Rather than proposing legislation in which the government prescribes how private entities operate, we ask instead that legislators meet us at the table to collaboratively address any necessary changes. HLTA and the industry at large are more than willing to work with our elected officials to find common ground and solutions that are amenable to all but will continue to push back on legislation that dictates how our businesses are run.

**“Cost of Doing Business” Increases**

As noted above, inflation and spikes in supply costs have resulted in a sense that the tourism industry is generating more revenue than ever, but this sentiment is misleading. The overall costs of doing business have steeply increased over the past year, and tourism businesses continue to feel the pressure caused by this. This will undoubtedly be exacerbated by significant increases in Real Property Tax valuations and assessments that will be acutely felt this year by large landowners such as hotels and resorts.

Now more than ever, HLTA will oppose any legislation that will increase the cost of doing business in Hawai‘i. Key among our concerns is an increase to either the Transient Accommodations Tax or the county surcharges that were established via legislation passed by the Legislature. We will also oppose any legislation that would abolish the current 3% cap that restricts the counties’ ability to set their own county surcharge rate.

Additionally, HLTA will oppose any increases to the General Excise Tax or the establishment of any new fees or taxes that target the industry or visitors unless the funds generated have a clear nexus to tourism and managing its impacts.
As it stands, Hawai‘i is among the most expensive locales to visit, and further costs that are ultimately passed to the customer will drive prospective travelers to other premier destinations where they can get more for their dollar.

**Impact Fees & Green Fees**
HLTA has long opposed the establishment of green fees that would be uniformly collected from all travelers to Hawai‘i. Our position remains unchanged.

Over the past several years, there have been numerous proposals for green fees, how they will be collected, and how they will be used. It is our position that the collection of green fees from all travelers will face countless logistical challenges and we stand opposed to any attempt to target the industry to make up any budgetary shortfalls at the State or in any of the counties.

Instead, HLTA supports the enactment of impact fees at high-traffic tourist attractions around the state. Like those already established at sites including Hanauma Bay, Wai‘ānapanapa State Park, Haleakalā National Park, and Diamond Head State Monument, we would support the assessment of fees from travelers who are impacting a specific resource so long as these monies are kept separate from any general fund and are used specifically to maintain and improve the site at which they were collected.

Impact fees send a message to visitors that they do, in fact, impact our community and our natural resources. However, they can rest assured that the impact fees they pay will be used at that specific site so that residents and travelers can continue to enjoy the attraction in the future.

**Environmental Protections**
Many of the green fee initiatives that have been floated in past years were driven by a desire for increased environmental conservation and sustainability—two areas where our industry has led the way.

On the sustainability front, hospitality businesses around the state have been regularly recognized for their efforts to be more efficient and sustainable. As an example, hotels and resorts have consistently re-examined their businesses and subsequently enacted new policies and upgraded aging infrastructure to shrink their footprint and the effect that they have on the environment.

HLTA and the tourism industry are also acutely aware of various issues facing our state and our businesses ranging from sea-level rise to shoreline setback regulations. We have been active participants and advocates on these matters and have supported numerous initiatives like the groin replacement project along Waikiki Beach and the Ala Wai Canal Flood Risk Management Project.

HLTA will continue to support thoughtful legislation to address this extremely diverse set of issues.

**Transient Vacation Rentals**
Over the past year, the counties have continued to make headway in their efforts to rein in the proliferation of illegal short-term rental units with Honolulu passing Bill 41 and Hawai‘i County currently workshopping a similar piece of legislation.
HLTA will look to support legislation at the State level that would either codify STR regulations statewide or provide the counties with the enforcement powers needed to address this issue. We recognize that the issues caused by STRs vary from county to county and also respect the concept of “home rule”. As such, we feel strongly that the counties should retain the ability to set their own regulations to an extent, but State legislation is long overdue and can be particularly impactful at this point in time.

Statewide, we are facing a looming housing crisis that has seen countless Hawai‘i residents decamp for other locations. Reducing the number of STRs owned and operated by extractive and exploitative individuals would immediately improve our housing inventory, and HLTA will look to support legislation to this effect.

**Workforce Development**
HLTA was pleased to work with the State Legislature during last year’s Legislative Session to establish a new workforce development initiative aimed at preparing and training local students for careers in the tourism industry. Over the past year, we have worked with legislators, the State Department of Education, the University of Hawai‘i, our community college system, and the Council for Native Hawai‘ian Advancement to bring these efforts to fruition, and we continue to make significant progress in this regard.

The funding that was appropriated by the Legislature also allowed for the restoration of the Ho‘oilina Scholars Program which provides four-year scholarships to DOE students who are matriculating into the TIM School at the University of Hawai‘i. Originally created as a partnership between HLTA, HTA, and the Legislature, the program was forced to pause during the pandemic.

We are pleased to be able to offer these scholarships again with the added benefit of full room and board which is now provided to each Ho‘oilina Scholar.

HLTA will look to support any legislative initiative that will continue and further workforce development initiatives.

**Public Safety**
We have long touted Hawai‘i as among the safest destinations to which one could travel. We have worked hard to maintain this status and established both the Visitor Public Safety Conference and the Visitor Public Safety Coalition which includes the Waikiki Business Improvement District Association, The Waikiki Improvement Association, the Hawai‘i Hotel Visitor Industry Security Association, and the Visitor Aloha Society of Hawai‘i.

As a coalition, we held numerous public meetings and briefing with public officials including Honolulu’s mayor and prosecutor, as well as with the leadership of our county police department. These meetings were called to advocate for the establishment of a community program in the Waikiki neighborhood that would improve public safety through increased enforcement and community programs.

Through our persistence, the Safe & Sound Waikiki program was launched. This program is modeled after the successful Weed & Seed initiative which has sites around our community.
The pandemic also gave us an opportunity to improve public health policies to the extent that we were considered one of the healthiest premier destinations to which you could travel. We must continue this emphasis on public health and safety, and HLTA will look to support any legislation to this effect.

**Stadium Development Project**

HLTA recognizes that need for the development of a venue that will support both sporting events and other major attractions including concerts and more. We support re-development at the current site of Aloha Stadium as long as the project includes a major housing component and a focus on transit-oriented development.