



Maui Hotel & Lodging ASSOCIATION

2019 Maui Hotel & Lodging's Legislative Priorities:

1. INFRASTRUCTURE: AIRPORT CORPORATION AND WEST MAUI TRAFFIC MITIGATION

As our communities grow, we need to ensure that our airports, roads, utility systems, parks, and public facilities are maintained, upgraded, and expanded as necessary for residents and visitors. Care must be taken in these efforts to protect the natural and historical assets of Hawaii. We strongly support The Airport Corporation Bill that would allow for an independent administrative system to manage our State's airports, allowing projects to be completed much faster and more cost-effectively than the current process. Lastly, the traffic situation for travel and from to the West side of Maui has become a great concern, especially regarding proximity of the roadway to the shoreline. Research and financing for a new roadway needs to be imminent.

2. TRANSIENT VACATION RENTALS

In Hawaii there are an estimated 23,000 transient vacation rentals that are likely not paying General Excise Tax (GET) and/or Transient Accommodations Tax (TAT). Equally important, most of these accommodations may not adhere to all Federal and State Codes and Regulations (Fire Safety, ADA, etc). We feel strongly that all properties accommodating our visitors should have to pay the necessary taxes that our government imposes, as well as, adhere to all Federal and State Codes and Regulations.

3. AFFORDABLE HOUSING

Approximately 40% of Maui County's workforce is directly employed by the Visitor Industry. We are deeply concerned in the lack of adequate affordable housing and affordable rentals for our workers and consider it an immediate priority. We support further modifications to the current Maui County Affordable Housing Bill to allow for more housing that will be affordable for our workforce.

4. HOMELESSNESS

Maui Hotel & Lodging Association supports improving the homelessness issue throughout Maui County. Our annual Charity Walk supports several key service providers to help aid their Homelessness Programs. We will continue to advocate for legislation that would allow the State to distribute matching funds to agencies working with the homeless.

For the entire 2019 Position Statements listing, please visit our website: mauihla.org

2019 POSITIONS STATEMENTS

These are the MHLA's positions on various issues before legislative bodies, state and county agencies, non-governmental organizations, or the community at large.

TAXATION

TRANSIENT ACCOMMODATIONS TAX (TAT)

The Maui Hotel & Lodging Association opposes any further increases in the Transient Accommodations Tax (TAT) or additional taxes directed at the accommodations industry.

2017* visitor spending brought in \$16.8 billion to the State, with the state's tax take equaling \$1.96 billion. Of that sum, TAT revenues alone accounted for \$554.9 million for the state's general fund last fiscal year (FY17-18) - more than half of the \$554.9 million will be used for general government spending. **Year End 2018 not yet finalized.*

In September 2017 during Special Session, the state government raised the TAT with a 1% increase effective January 1, 2018. Guests now pay a TAT of 10.25%, coupled with the GET, creating a nightly 14.42% tax on Maui. Based on the annual average cost of a hotel room and the 14.42% tax rate, the average tax bill will be \$49 per night.

There is an argument that other destinations charge higher taxes and see no impact however, other destinations have a higher percentage of business travelers that pass along their expenses to their companies and some of these U.S. destinations can be reached by car, bus and train versus air. Hawaii is at the whim of climbing airfare prices.

Maui Hotel & Lodging Association is opposed to leveraging extra fees on the visitor industry.

COUNTY FUNDING

The Maui Hotel & Lodging Association believes the county governments should receive a stable and equitable level of funding support from the state government. This is important because the counties must absorb much of the infrastructure costs created by community growth. During the 2017 Special Session Legislative Session Act 001 was passed which agreed to permanently keep the increase of the County TAT Funding cap from 93 million to 103 million. We support the county governments in their efforts to secure appropriate funding from the State government.

VISITOR INDUSTRY

HAWAII TOURISM AUTHORITY (HTA) MARKETING

To promote Hawaii as a premier vacation and meetings destination, maintained funding for marketing will be essential to continue our share of the existing customer base and to grow awareness in new markets, such as China, Taiwan, and Korea. While our visitor industry has experienced significant growth over the past few years, the increased funding would enable the HTA to diversify our markets as well as funding the other important HTA mandates. Increased marketing is one of the investments we can make that will more than pay for itself. Additional marketing funds will generate additional taxes for our State and Counties as well as providing employment opportunities for our Island residents.

TRANSIENT VACATION RENTALS

The Maui Hotel & Lodging Association supports all efforts to gain level equity with transient vacation rentals being offered through websites. In Hawaii there are an estimated 23,000 alternative accommodations attempting to serve the same purpose as our hotels, condominiums and timeshares with the main difference being that many are likely not paying General Excise Tax (GET) and/or Transient Accommodations Tax (TAT). Equally important, most of these accommodations may not adhere to all Federal and State Codes and Regulations (Fire Safety, ADA, etc). MHLA feels strongly that all properties accommodating our visitors should have to pay the necessary taxes that our government imposes, as well as, adhere to all Federal and State Codes and Regulations.

SUSTAINABLE DEVELOPMENT

The Maui Hotel & Lodging Association supports the strengthening and sustainability of our economy while simultaneously protecting our community and environment from over-development and taxing of resources. Our Association supports the Hawaii Clean Energy Initiative, which will lead our State's efforts to relieve our dependence on fossil fuel by setting goals to achieving 100% clean energy by 2045. Many of our lodging properties are fully engaged in efforts to reduce their electricity usage and conserve our water usage. Additionally, MHLA supports measures or initiatives to reduce our electricity costs, decrease our reliance on imported fossil fuels, and have utility service that is dependable and reliable.

INFRASTRUCTURE

The Maui Hotel & Lodging Association supports improving the infrastructure throughout the state. As our communities grow, we need to ensure that our airports, roads, utility systems, parks, and public facilities are maintained, upgraded, and expanded as necessary for residents and visitors. Care must be taken in these efforts to protect the natural and historical assets of Hawaii. In addition, The Maui Hotel & Lodging Association strongly supports terminal and fuel facility improvements at our airports, which are necessary for us to continue to be a competitive and attractive destination.

Finally, each county must increase efforts in developing systems for waste disposal and recycling. As the volume of waste increases, pressure mounts on Hawaii's landfills. All Counties lack the landfill capacity to have these increases continue unchecked. Recycling is an important way to reduce the volume of material entering the waste stream. Most lodging properties are already actively engaged in

reducing the volume of waste; it is now critical that increased attention be placed on expanding community and residential efforts.

ALOHA SPIRIT AND HAWAII'S HERITAGE

The Maui Hotel & Lodging Association supports efforts to educate everyone on Hawaii's heritage and to maintain and promote the aloha spirit. Our cultural heritage is a major factor in what makes Hawaii a special place to live and visit. We especially encourage schools to include programs in their curriculum to educate our children about the Hawaiian heritage and language.

VISITOR ARRIVALS AND DEPARTURES

Security awareness and security measures are a fact of life. This is especially true at our airports. We must, however, support programs that make the best impression on travelers, including rapid and efficient movement of arriving and departing passengers. We strongly support The Airport Corporation Bill that would allow for an independent administrative system to manage our State's airports, allowing projects to be completed much faster and more cost-effectively than the current process. We are also in strong support of future internationalization of the Kahului airport including customs and immigration and direct international flights.

COMMUNITY

EDUCATION

The Maui Hotel & Lodging Association supports efforts to develop greater work opportunities for the people of Hawaii. MHLA supports improvement of the state's overall educational system, with an emphasis on programs that emphasize the link between academic and specialized skills by providing meaningful work-based learning opportunities and relevant career pathways. We proudly support all academic improvements, and actively support: Maui County AOHT programs through three high schools; UH Maui College's HOST and Culinary Arts Program; the future Hospitality Academy (HA), all of which promote great careers and a sense of pride in being a part of the Hospitality Industry.

HOMELESSNESS

Maui Hotel & Lodging Association supports improving the homelessness issue throughout Maui County. Our annual Charity Walk supports several key service providers to help aid their Homelessness Programs. MHLA is in full support of compassionate and comprehensive approaches in helping the homeless off the streets and into permanent housing.

AFFORDABLE HOUSING

Approximately 40% of Maui County's workforce is directly employed by the Visitor Industry. Indirectly, the percentage substantially increases. We are deeply concerned in the lack of adequate affordable housing for our workers and consider it an important topic to our industry. We support further modifications to the current Maui County Affordable Housing Bill to allow for more housing that will be affordable for our workforce.

NATURAL ENVIRONMENT

Hawaii is one of the world's unique, diverse, and fragile environments. Increased efforts are necessary to protect this environment. These efforts should include setting aside and managing natural areas (including the protection and preservation of our beaches and marine and natural environments), preventing the introduction of alien species, removing established aggressive alien species, and developing more useable open space and parks. Furthermore, conservation efforts to maintain the marine environment are critical to our residents and the visitor industry. To realistically accomplish these objectives, the state must increase its support and funding for environmental protection and conservation efforts.

GAMING

The Maui Hotel & Lodging Association believes that any decision on the introduction of gaming in Hawaii should be preceded by a careful and thorough examination of the impacts, both positive and negative, on our community, our lifestyle, and our values. Hawaii is a home with a special sense of place for our families and friends, which will need to be retained even in these times of constant and inevitable change. There is a diversity of opinion within The Maui Hotel & Lodging Association regarding gaming. Some members feel that if properly implemented, it will offer a new activity for visitors and additional revenue stream for specific State programs. Others believe that rather than generate additional money for Hawaii, gaming will simply redirect existing spending in another direction. Many others believe it would have a negative impact on our community, culture, and image as an attractive family destination. Finally, if the primary reason for gaming in Hawaii is to alleviate the state's fiscal problems, we believe that monies generated should be earmarked for education, homelessness and other social welfare programs.

ECONOMIC DEVELOPMENT

DIVERSIFYING HAWAII'S ECONOMY

Diversification should include a mixture of visitor industry and non-visitor industry activities. MHLA supports the development of new industries and supports such growth industries as the film industry, diversified agriculture, medical services, and high technology. MHLA also supports the use and promotion of products grown and or made in Maui.

IMPROVING GOVERNMENT EFFICIENCY

The private sector continues to operate in a streamlined, efficient manner since the profit margins have still not returned from before the economic downturn. It is our impression that the State and County have not followed this model – at least not in proportion to the drop in revenues. In short, we have more government than we can afford. We must seek ways to use our resources more wisely through technology, combining functions, eliminating unnecessary activities and spending, and privatizing government activities where appropriate.