

## **BFED Committee**

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**From:** mhannemann@hawaiilodging.org  
**Sent:** Wednesday, July 21, 2021 12:21 PM  
**To:** BFED Committee  
**Subject:** Mufi Hannemann Testimony on BFED-78  
**Attachments:** BFED-78\_TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO THE.pdf

Aloha,

Please see my attached testimony in opposition to BFED-78.

If you have any questions or concerns, please feel free to contact me at any time.

Mahalo,  
Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association



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

Testimony of  
Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Maui County Council  
Budget, Finance, & Economic Development Committee  
July 21, 2021

**BFED-78: TRANSMITTAL OF LEGISLATIVE PROPOSAL RELATING TO THE  
REAL PROPERTY TAX HOTEL AND RESORT CLASSIFICATION**

Chair Rawlins-Fernandez and members of the Committee, mahalo for the opportunity to submit testimony on behalf of the Hawai'i Lodging & Tourism Association, the state's largest private sector visitor industry organization.

The Hawai'i Lodging & Tourism Association—nearly 700 members strong, representing more than 50,000 hotel rooms and nearly 40,000 lodging workers—advocates on behalf of an industry that is still fighting to recover from the effects of a worldwide pandemic. Our people and our businesses are just beginning to recoup the losses incurred over the past year and a half, and we should be making this easier for businesses rather than more difficult. In concept, this measure could unfairly and unevenly affect the traditional, brick and mortar lodging industry that is already paying the second highest real property tax rate in the county, further slowing its overall recovery.

HLTA's position is that now is not the time to levy additional tax burdens on an industry that supports thousands of jobs and generates billions in tax revenues for the State of Hawai'i as well as Maui County. As it stands, property valuations continue to climb as will the total amount of funds raised through taxation. There will be a domino effect from enacting a tiered tax rate of this nature that will not only affect tourism, but also tourism-adjacent industries. For example, a tiered tax rate that applies higher rates to larger or more valuable properties will disincentivize hotels from seeing through necessary and planned renovations. This would result in further aged infrastructure as well as a net loss of jobs for the trade industry.

Moreover, a tiered tax rate would unfairly harm larger and more valuable properties. These properties, by their very nature, support more jobs for Maui residents and already generate more tax monies for the State and Maui County. It would be imprudent to levy a great tax burden on these properties, especially as we are just beginning to turn the corner on the pandemic.

**For these reasons, HLTA opposes this proposed measure.**

Thank you for the opportunity to offer this testimony.