



Kā'anapali Beach.

TOURISM

The visitor industry serves as Maui County's economic engine, generating more than 80 percent of the County's economic activity. Tourism also provides 75 percent of all private sector jobs on Maui and contributes approximately 40 percent of real property tax collections. The \$3 billion in annual visitor spending significantly boosts nearly all sectors of Maui County's economy. The leisure and hospitality sector is comprised of accommodations, arts and entertainment, and food service industries. Indirectly, the sector generates considerable activity and employment in other industries such as small businesses, agriculture, retail, health services, commerce, construction, and real estate. The Maui County TSP states

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Committee Chair Couch

that Maui's economy is the most reliant on tourism among the four counties. Therefore, significant care must be taken to nurture a healthy and vibrant visitor industry.

ECONOMIC DEVELOPMENT

The Hawai'i Tourism Authority (HTA) is the lead agency and advocate for Hawai'i's tourism industry. Funded through the Transient Accommodations Tax (TAT), the HTA oversees marketing Hawai'i as a visitor destination, invests in "product development," and carries out research and planning. In marketing, HTA funds the Hawai'i Convention and Visitors Bureau and the Maui Visitors Bureau, as well as other agencies to promote Hawai'i in international markets.

The County has a more limited role in tourism planning. It receives a portion of the TAT from the State, which currently accounts for approximately 7 percent of its General Fund revenues and is the County's second largest source of revenue. The County's principal role involves regulation of land uses, including visitor units and related recreational real estate, in addition to commercial attractions. It is envisioned that Maui will play a more active role in tourism planning through the County's Office of Economic Development and other agencies that play a supporting role in job creation and economic growth.

The Maui County TSP is one of four county-level Strategic Tourism Plans prepared under the auspices of the HTA. The County plans are intended to provide specific guidance, and build on the themes and policies set forth in the statewide Hawai'i Tourism Strategic Plan. In the plan, the "Maui County Tourism Goal" is stated as follows:

To strategically manage tourism on Maui, Moloka'i, and Lāna'i in a sustainable manner that promotes economic well-being, quality of life for residents, preservation of natural and cultural resources, and quality experiences for visitors.

CHALLENGES AND OPPORTUNITIES

Attract Higher- Spending Visitors and Promote Diversification

Maui is one of the most desired visitor destinations in the world. However, tourism is highly dependent on the subjective and variable interests of global markets. Maintaining the strength of the visitor industry by keeping Maui a desirable destination for visitors, and home for residents, will be a critical challenge.

The goal of the visitor industry should be to continue to promote visitor revenue and attract higher-spending visitors that address and complement the needs and goals of the local communities.

The relationship between the number of residents and visitors on the island at any given time cannot be overlooked as an important public policy discussion point. Resort communities all around the world that are dependent on tourism have grappled with the "golden goose" debate, whereby the tourism experience may be compromised by the very nature of the area's popularity.

The visitor industry continues to provide opportunities for small, locally-owned businesses to provide goods and services to the industry. The visitor sector supports both the State and Maui County Tourism Strategic Plans that place significant emphasis on attracting higher-spending visitors. The visitor industry continues to market to a well-balanced and diversified visitor demographic. A diversity of visitors

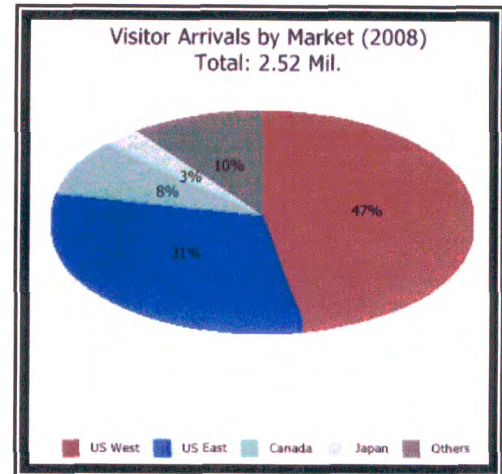
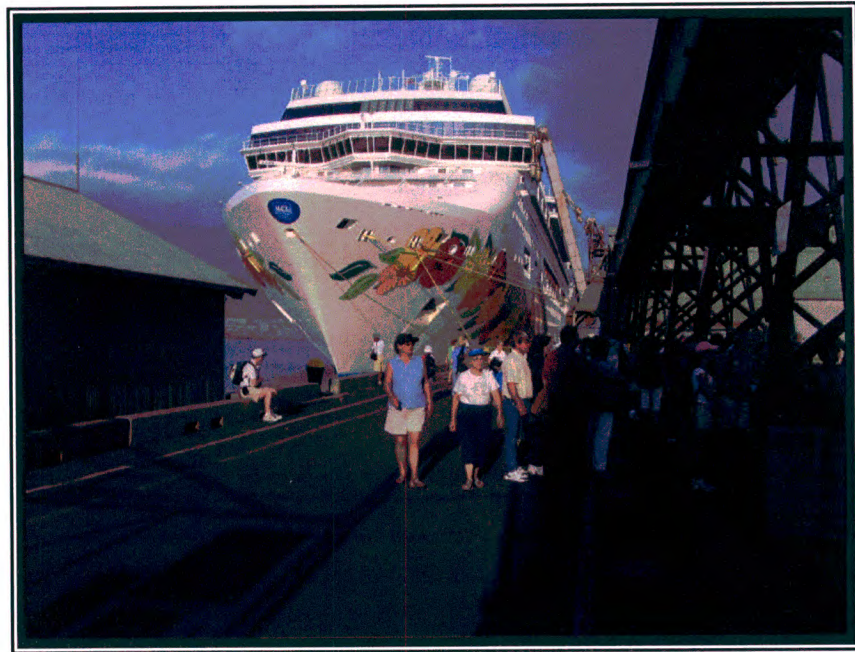


Figure 4 - 1. Visitor Arrivals by Market.
Source: UHERO Economic Information Service.

will provide new market opportunities and help the industry recover from downturns.

Manage the Expansion of Visitor Units



A cruise ship docked in the harbor, Kahului.

Promoting cross-related enterprises in the arts and entertainment, sports and recreation, and education sectors can strengthen small, locally-owned businesses. Particular opportunities lie in agri-tourism, eco-tourism, educational tourism, heritage tourism, voluntourism, and health and wellness tourism. Developing strategies to reduce the leakage of the expended tourist dollar out of Maui is an important way to increase the economic benefit of tourism for Maui.

To protect the quality of Maui's visitor industry, and the island lifestyle, the County must carefully manage and control any future expansion of visitor units on Maui island.

Maui's visitor industry is diversifying from one dominated by hotels to one with a mix of visitor unit types.

Alternative forms of tourism, such as timeshare, resort condos, second homes, cruise ships, vacation rental homes, bed and breakfasts (B&Bs), and other types of visitor accommodations, have social, fiscal, and economic implications that need to be understood, monitored, and managed.

The conversion of housing from long-term residential use to transient-vacation-rental use raises a number of potential issues including, loss of community due to the transient nature of neighborhoods, disruptions such as overflow parking or partying, purported avoidance of the TAT by some operators, loss of residential housing stock to visitor use, and higher residential property taxes.

Concerns have also been raised about the gentrification of Maui neighborhoods, the proliferation of gated communities, and the allocation of scarce resources, such as water, to developments targeted to offshore buyers.

However, alternative tourism accommodations also diversify Maui's visitor accommodations portfolio, and provide an alternative to the large-scale, coastal resort experience. These accommodations generate more economic activity per dollar spent, provide opportunities for small business creation and entrepreneurship, and provide accommodation opportunities for Maui residents and visiting family members.

The identified need for additional visitor facilities in the late 1950s gave birth to the concept of the resort destination area, and in 1961 Kā'anapali became the first planned resort destination area in the State. The resort destination area trend continued to grow on Maui with the subsequent development of Wailea and Kapalua.⁴ Per previous General Plans, it has been County policy to limit large-scale resort development to the defined resort destination areas of Wailea, Mākena, Kapalua, and Kā'anapali. The tremendous contribution that tourism makes to our economy must be acknowledged with careful management and diversification so that the tourism sector will continue to grow in a manner that addresses the issues that have been raised.

The visitor industry continues to provide Maui residents with many economic opportunities. The industry generates the most tax revenue and employs more residents than any other industry. Many Maui residents benefit from the industry.

Over the years, it has been County policy to maximize the economic benefits of the visitor industry by attracting higher-spending visitors rather than maximizing the number of visitors to the island. This policy ensures a rich visitor experience while protecting the island's natural beauty, culture, island lifestyles, and aloha spirit.

GOAL, OBJECTIVES, POLICIES, AND ACTIONS

Goal:

- 4.2** A healthy visitor industry that provides economic well-being with stable and diverse employment opportunities.

Objective:

- 4.2.1** Increase the economic contribution of the visitor industry to the island's environmental well-being for the island's residents' quality of life.

Policies:

- 4.2.1.a** Engage the visitor industry in the growth of emerging sectors where practicable.
- 4.2.1.b** Support the implementation of the Maui County TSP, when consistent with the MIP.

⁴ Chris Hart & Partners (September 2006). *General Plan 2030, Maui Island Plan, Maui Island History: Lessons from the Past – A Guide to the Future*.

ECONOMIC DEVELOPMENT

- 4.2.1.c** Focus economic growth in the visitor industry through enhanced visitor experiences and an emphasis on attracting higher-spending.
- 4.2.1.d** Provide a rich visitor experience, while protecting the island's natural beauty, culture, lifestyles, and aloha spirit.
- 4.2.1.e** Diversify the tourism industry by supporting appropriate niche activities such as ecotourism, cultural tourism, voluntourism, ag-tourism, health and wellness tourism, educational tourism, medical tourism, and other viable tourism-related businesses in appropriate locations.
- 4.2.1.f** Recognize the important economic contributions that the visitor industry makes and support a healthy and vibrant visitor industry.
- 4.2.1.g** Support the increased availability of kama`āina discount programs.

Implementing Actions:

- 4.2.1-Action 1** Conduct and regularly update an impact assessment (social, economic, and environmental) of the costs and benefits of mega-resort, timeshare, vacation rental, and other types of visitor accommodations.
- 4.2.1-Action 2** Seek additional revenues to offset the potential loss of HTA funds that will help support niche activities.
- 4.2.1-Action 3** Develop a yearly performance report to the Maui County Council that describes the returns resulting from expenditures of public funds/grants that are awarded for the visitor industry.

Objective:

- 4.2.2** Comprehensively manage future visitor-unit expansion.

Policies:

- 4.2.2.a** Mitigate the impact of tourism on the host culture, natural environment, and resident lifestyles.
- 4.2.2.b** Allow, where permitted by the community plan, the development of business hotels and small, sensitively-designed inns.
- 4.2.2.c** Manage impacts from transient vacation rentals, hotels, bed and breakfast units, timeshares, and resort condominiums on residential communities, public infrastructure, and community facilities.
- 4.2.2.d** Discourage supplanting of existing island housing to visitor accommodations that may have a negative impact on long-term rental housing, price of housing, and price of land.
- 4.2.2.e** Allow the designation of retreat/mini-conference centers in appropriate locations through the community plan process.

- 4.2.2.f** Community plans should consider establishing standards such as limits on building size, room count, and the number of inns, if any, that will be allowed in small towns.

Implementing Actions:

- 4.2.2-Action 1** Manage transient vacation rentals through permitting in accordance with adopted regulations and community plan policies.
- 4.2.2-Action 2** Work cooperatively to establish a comprehensive set of resource management standards, including protection of Native Hawaiian rights and certification programs for ecotourism.
- 4.2.2-Action 3** Develop programs and/or regulations to:
- (1) Allow for the development of small, locally-owned inns and B&Bs in the commercial cores of Maui's country towns and business districts if permitted, and as defined in the community plans;
 - (2) Cap the number and type of visitor accommodations that can be permitted; and
 - (3) Manage the number and type of visitor accommodations that can be permitted.
- 4.2.2-Action 4** Develop design guidelines for small, locally-owned inns, retreat centers, and like-kind accommodations.

Objective:

- 4.2.3** Maximize residents' benefits from the visitor industry.

Policies:

- 4.2.3.a** Promote a desirable island population by striving to not exceed an island-wide visitor population of roughly 33 percent of the resident population.
- 4.2.3.b** Use the required General Plan Annual Status Report to monitor trends related to residents and visitors.