



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

June 18, 2021

To the Honorable Chair Lee, Vice-Chair Rawlins-Fernandez and Maui County Council Members,

We are writing to you today and signing this letter because we are concerned about the two visitor accommodations moratoriums currently being discussed. We all believe in embracing the Aloha Spirit, responsible tourism, education for our visitors, and respect for our environment and culture. We also all want to see issues like affordable housing and rentals, illegal short-term rentals, infrastructure, traffic, protection of sacred places, and education and protection of our ocean life addressed to better improve the quality of life of Maui's residents. We believe these things can be achieved by bringing the right groups together (such as government officials, industry leaders, organizations, and residents) to find winning solutions for all. We do not feel that the two moratoriums will help solve these issues and in fact, believe they will have significant negative impacts to our economy and residents.

Please consider the following:

- The visitor industry is our economic driver and supports many other industries such as activities, retail, restaurants, transportation, agriculture, manufacturing, and nonprofit organizations. With this support, other industries can grow and help to further diversify our economy. We are the most dependent county in the state on our visitor industry.
- Continuing to support this industry, which generated \$73 million in real property tax revenue from hotels and timeshares in FY21, provides the county with resources to invest in economic diversification while also raising revenue for all other programs like affordable housing and rentals, social services, infrastructure, etc. Real property tax is the biggest revenue source for the County and according to DBEDT, hotels/resort properties account for 20% of expected real property tax revenue in 2021. Additionally, 9 of the 10 largest real property taxpayers in the County are hotels and timeshare properties.
- Visitor accommodations provide employment for thousands of Maui residents, helping to provide for them and their families. In fact, the tourism industry accounts for around 75% of all private sector jobs on Maui.
- The bills will shut down opportunities for investment in our economy at a time when we are trying to recover from the effects of the global pandemic. It is important to remember the industry is recovering and had huge losses so now is not the time to do this. According to leading state economist Paul Brewbaker the opportunity cost of shutting down lodging construction for two years would be about \$200 million per year.



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- We are concerned these moratoriums will create negative impacts by spurring further illegal short term rental operations, which are often in our local neighborhoods, potentially taking more homes away from residents.
- Hotels and visitor accommodations do their part to address the environmental impacts of visitors through sunscreen education, reducing waste, switching to compostable food ware, phasing out water bottles and more. There is also no factual evidence that tourism is a major factor in environmental issues on Maui.
- We would have preferred to see the Council bring all concerned parties together into a working group to hear all points of view and work towards a sustainability plan to address both current concerns and create a map for our future.
- There are potential legal challenges to these bills and any legal challenges that the County faces impacts residents and business as time and service costs to address these are recouped through taxes and fees.

We all support sustainable tourism, but we do not believe that a shutdown on the construction of new visitor accommodations in appropriately zoned and planned hotel and resort areas is the answer. These bills will have the wrong effect at precisely the wrong time. In creating legislation, in particular a moratorium, both the positive and negative impacts must be weighed. We urge you to defer these measures to seriously consider the unintended consequences and devastating economic impact that measures like these will have on Maui's people and fragile economy.

Sincerely,

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Maui Chamber of Commerce

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