



# Economic Development and Recovery in Maui

September 11, 2023

In addition to the loss of human life (which, as of late August, officially [stood at 115](#)), the wildfires that struck the Hawaiian islands of Maui and Hawaii in August of 2023 are likely to have significant economic effects. The wildfires—which caused the most damage in the West Maui city of [Lahaina](#)—occurred just as Hawaii and Maui were rebounding from the COVID-19 pandemic, which itself [created turmoil](#) for Hawaii’s tourism industry and its regional economy. Before the wildfires, the [number of visitors](#) to Hawaii and Maui had nearly returned to pre-pandemic levels. However, the number of visitors to Maui dropped sharply following the wildfires. Although current federal efforts are still largely focused on disaster response activities (and may be for some time), there may be congressional interest in options to support long-term economic recovery efforts in Maui.

## The Role of Tourism

Both Hawaii and Maui derive much of their economic activity from tourism. According to the U.S. Bureau of Labor Statistics, jobs in the leisure and hospitality industry accounted for [18.8%](#) of total nonfarm employment in Hawaii as of July 2023. (Employees in other industries, such as transportation and warehousing, may also have additional tourism-related jobs.) For the United States as a whole, jobs in the leisure and hospitality industry accounted for [10.6%](#) of total nonfarm employment at that same time.

Maui is particularly dependent on tourism. According to the Maui Economic Development Board (MEDB), approximately [70%](#) of every dollar generated on Maui is related to tourism, and annual revenue from Maui’s hotel room tax—which is paid primarily by tourists—is usually at least \$20 million. A [2019 report](#) from the MEDB found that 51% of employed residents in Maui County (comprised of the island of Maui and [three other](#) sparsely-populated islands) worked in the tourism industry.

## Early Economic Impacts of Wildfires

The wildfires led to an immediate decrease in tourism in parts of Maui. In a [statement](#) issued on August 9, the day after the wildfires began, the Hawaii Tourism Authority wrote, “Visitors who are on non-essential travel are being asked to leave Maui, and non-essential travel to Maui is strongly discouraged at this time.” An [August 13 proclamation](#) from Hawaii Governor Josh Green further stated that “all nonessential travel to West Maui is strongly discouraged for the duration of this proclamation.”

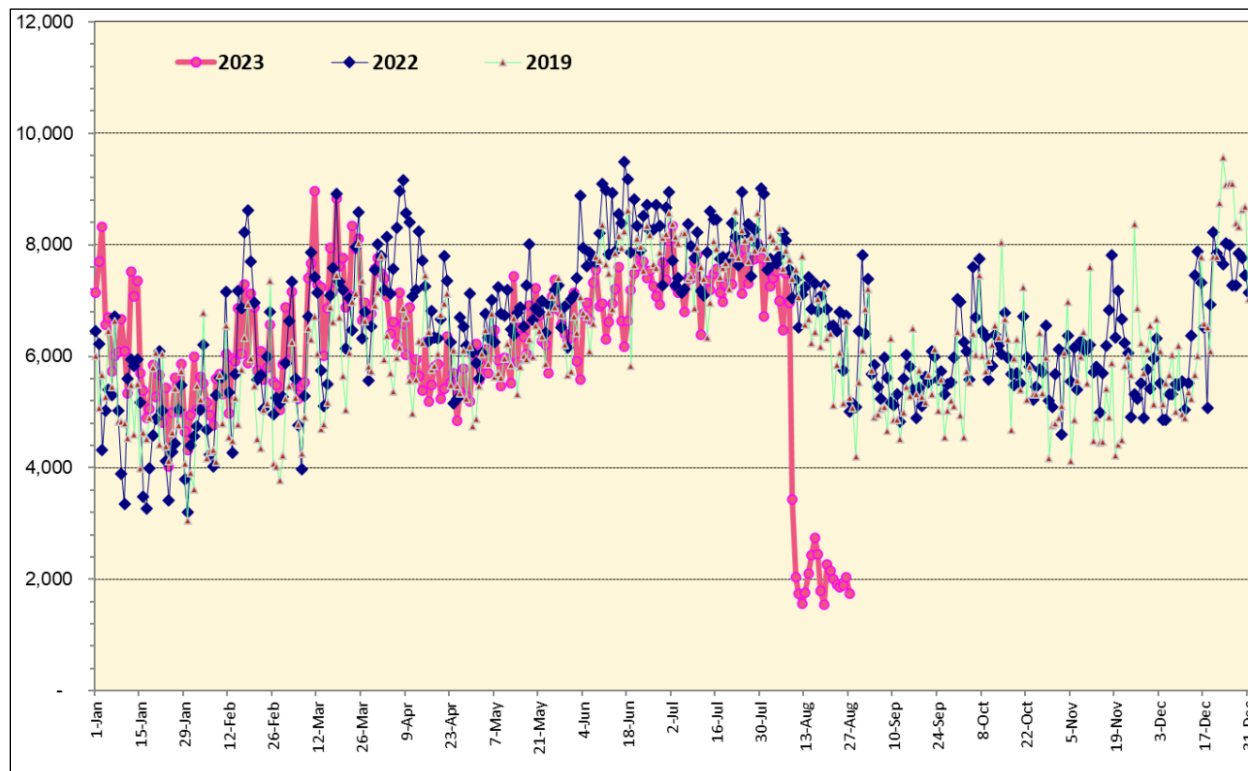
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Tourists appeared to heed these calls in the weeks following the wildfires. As **Figure 1** shows, daily visitors to Maui dropped steeply following the wildfires. [Media reports](#) have quoted the director of the Hawaii Department of Business, Economic Development and Tourism (DBEDT) as saying that West Maui is experiencing an approximate \$9 million economic loss each day. Unemployment claims in Maui have also risen sharply. For the week ending August 19, there were 4,449 initial unemployment claims for Maui; for the same week in 2022, there were 84 initial unemployment claims. While these figures speak to the immediate economic impacts of the wildfires, the longer-term impacts will not be known for some time.

**Figure 1. Maui Daily Domestic Airline Passenger Arrivals**



Source: DBEDT, Maui Domestic Passenger Count, <https://dbedt.hawaii.gov/visitor/daily-passenger-counts>.

## Potential Federal Roles in Economic Recovery

The federal government administers a variety of programs to help businesses and communities recover after a disaster. For example, the Small Business Administration offers direct assistance to businesses following a disaster through [low-interest loans](#). Congress has also provided supplemental funding for communities for long-term disaster recovery in response to certain incidents under the [Economic Development Administration's economic adjustment assistance program](#). (For more information, see CRS Report R47631, *Federal Disaster Assistance for Businesses: Summaries and Policy Options*.) Workers who become unemployed as a direct result of a declared disaster under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288, as amended) may be eligible for Disaster Unemployment Assistance benefits, which provide income support. (For more information see CRS Report RS22022, *Disaster Unemployment Assistance (DUA)*.) The Community Development Block Grant Disaster Recovery (CDBG-DR) program, operated by the Department of Housing and Urban Development, provides funds that can be used for [economic revitalization](#) following a disaster. (For more

information see CRS Report R46475, *The Community Development Block Grant's Disaster Recovery (CDBG-DR) Component: Background and Issues.*)

One question may be whether Maui stakeholders want to consider economic diversification as they develop recovery strategies. In the immediate aftermath of the wildfires, some [suggested](#) that tourists refrain from visiting Maui, particularly West Maui. However, several weeks after the wildfires, others—including some [Members of Congress](#)—urged tourists to return to other, less-affected parts of the island. These debates come as some officials in recent years have already discussed [whether and how](#) Maui should [diversify its economy](#) away from tourism, one of the island's main drivers of economic activity. There may be opportunities for Maui business owners and officials to use federal resources for disaster recovery in diversification efforts, as well as to rebuild the tourism economy. There may also be opportunities to monitor that any federal relief efforts are provided equitably, a concern that has been previously expressed by some [Members of Congress](#) and been discussed at certain federal agencies, including the Federal Emergency Management Agency, in recent years. (For more information, see CRS Report R47244, *FEMA's Approach to Equity and Emergency Management: Disaster Declarations and Policy Considerations.*)

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