

HB 1763

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WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1763, H.D. 2, S.D. 1

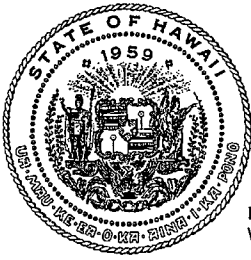
April 3, 2009

RELATING TO THE HAWAII TOURISM AUTHORITY

House Bill No. 1763, H.D. 2, S.D. 1, establishes the Department of Tourism to assume tourism-related functions currently under the Department of Business, Economic Development and Tourism.

We are opposed to this bill. Establishing a new State department will require additional resources to administer and operate the department. In light of the current fiscal crisis, we must look to consolidate operations and curtail non-essential or newly added services.

There does not appear to be any current operational obstacles that would require tourism to be housed in a separate department which would only result in additional overhead costs.



Hawai'i Tourism Authority

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LINDA LINGLE
Governor

LLOYD I. UNEBASAMI
Interim President and
Chief Executive Officer

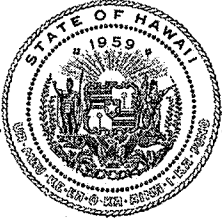
Testimony of
Lloyd I. Unebasami
Interim President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 1763, H.D. 2, S.D. 1
Relating to the Hawai'i Tourism Authority

Senate Committee on Ways and Means
Friday, April 3, 2009
9:45 a.m.
Conference Room 211

The Hawai'i Tourism Authority (HTA) strongly opposes H.B. 1763, H.D. 2, S.D. 1, which proposes to establish a Department of Tourism and abolish the Hawai'i Tourism Authority. There are several points that we would like to point out:

- The HTA was established in 1998 based on the proposals made by the Economic Revitalization Task Force (ERTF) which concluded that in order to have a cohesive plan for Hawai'i's tourism industry, the state needed to have one entity responsible, and accountable for all aspects of tourism – policy development, marketing and market development, product development and impact monitoring. Since its existence, HTA has performed the following:
 - Setting tourism policy and development from a statewide perspective;
 - Developing and implementing the state's tourism marketing plan and efforts;
 - Developing and monitoring implementation of the Hawai'i Tourism Strategic Plan (TSP);
 - Developing tourism programs with partners in the community, government and industry to sustain a healthy visitor industry; and
 - Coordinating tourism-related research, planning, promotional, and outreach activities with the public and private sectors.
- Furthermore, the ERTF recommended that a public-private board be established to assure that promotional dollars are effectively expended. The implementation of these recommendations and the operational efficiencies authorized by the Legislature since its creation have allowed the HTA to operate efficiently and effectively and function as the entity proposed by the ERTF.
- Section 10 of the bill voids all contractual obligations of the HTA upon its repeal. If enacted, this will have disastrous results for all of HTA's marketing, sports, and product development programs.

For these reasons we oppose H.B. 1763, H.D.2, S.D. 1. Thank you for the opportunity to offer these comments.



LINDA LINGLE
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MARSHA WIENERT
TOURISM LIAISON

TOURISM LIAISON

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Written statement of
MARSHA WIENERT
Tourism Liaison

Department of Business, Economic Development & Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 3, 2009

9:45 a.m.

State Capitol, Conference Room 211

in consideration of
HB 1763 HD2 SD1
RELATING TO THE HAWAII TOURISM AUTHORITY.

Chair Kim, Vice Chair Tsutsui and Members of the Senate Committee on Ways and Means.

The Department of Business, Economic Development and Tourism opposes HB 1763 HD2 SD1, which repeals the Hawai'i Tourism Authority; establishes the Department of Tourism; transfers the Convention Center Enterprise Special Fund, Tourism Special Fund, and Tourism Emergency Trust Fund to the Department of Tourism; and renames the Department of Business, Economic Development, and Tourism to the Department of Business and Economic Development.

The current structure allows the opportunity for experienced industry professionals to be directly involved in the policy and decision-making process. These industry professionals have a vested interest in the success of tourism and we believe that their experience and knowledge is critical in the decision-making process.

We also believe that the bureaucracy associated with state agencies may hamper this new department's ability to act swiftly as market conditions change and react to tourism's unique dynamics.

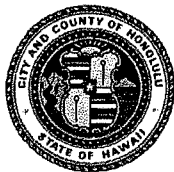
Additionally, due to our current tourism and economic challenges, we do not believe that now is the time to make these changes.

We would be willing to discuss this matter in the future, to determine its merit, however we cannot support HB 1763 HD2 SD1 at this time.

Thank you for the opportunity to comment on this measure.

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MUFI HANNEMANN
MAYOR



April 2, 2009

The Honorable Donna Mercado Kim, Chairwoman
and Members
Committee on Ways and Means
The Senate
State Capitol
Honolulu, Hawaii 96813

Dear Chairwoman Kim and Senators:

I am offering this testimony in support of House Bill 1763, H.D. 2, S.D. 1, Relating to the Hawaii Tourism Authority, which proposes to abolish the Hawaii Tourism Authority in favor of a Department of Tourism in the executive branch of state government.

It comes as no coincidence that the U.S. Conference of Mayors, of which I serve as chairman of its standing committee on tourism, has as one of its 10 national priorities the establishment of a cabinet-level secretary of tourism. With tourism as a leading industry in cities and states across the nation, the nation's mayors have agreed that it merits the prominence of cabinet status, along with funding to sponsor marketing and the authority to champion the easing of laws and barriers that hinder international travel. The establishment of a Hawaii Department of Tourism would mirror this national initiative.

When I served as Director of Business, Economic Development & Tourism during the Waihee administration, one of my earliest actions was emphasizing "tourism" in the agency's name to reflect the priority we placed on the industry. We succeeded in pushing through what was, at the time, the largest increase in marketing funding for tourism and launched a number of programs to diversify the industry and attract visitors, such as food festivals on each island, an Aloha on Tour promotional campaign, regional cuisine promotions, sports sponsorships, and film and television tie-ins. We were able to maneuver through some difficult times—economic recessions in the United States and Japan, the Gulf War, and Hurricane Iniki—because, as an executive-level agency, we had the ability to react quickly to problems, the flexibility to create programs that addressed the needs of the industry and market, and the support of the administration and Legislature.

The Honorable Donna Mercado Kim, Chairwoman
April 2, 2009
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While I will withhold comment on the many details of this measure, it appears that the goal of House Bill 1763 is to restore that level of flexibility, and direct accountability, to the state's tourism activities. Other state agencies operate under similar fiscal conditions and legislative oversight, and it may be time for the state's tourism program to return to the fold.

While at DBEDT, we also provided funding to the county governments to underwrite marketing campaigns and projects specific to their needs and goals. If it is the intent of this legislative proposal to provide more funding directly to the county governments, then it certainly merits our strong support.

I encourage you to give this measure your favorable consideration.

With warm regards and aloha,

Yours truly,

A handwritten signature in black ink, appearing to read "Mufi Hannemann", with a long horizontal flourish extending to the right.

Mufi Hannemann
Mayor



**Testimony to the Senate Committee on Ways and Means
Conference Room 211, State Capitol
Friday, April 3, 2009; 9:45 a.m.**

**RE: HOUSE BILL NO1763, HD2, SD1 RELATING TO HAWAII TOURISM
AUTHORITY**

Chair Kim, Vice Chair Lee, and Members of the Committee:

The Chamber of Commerce of Hawaii opposes HB 1763 HD2 SD1, relating to the Hawaii Tourism Authority.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber, through its Tourism Committee, encourages a broad base of understanding, support and appreciation for the Tourism and Travel Industries within the business community, Legislature and the general public. The committee also supports visitor industry growth and improvement while working to enhance the visitor experience.

The Chamber understands the value and significance of the tourism industry to Hawaii's economy. Any decline in this sector harms all businesses, including small businesses that solely rely on tourism. Unfortunately, the industry is being exponentially impacted by the current economic situation.

We do not believe that repealing HTA and establishing the Department of Tourism is a prudent approach especially during this volatile time. We are concerned that a Tourism Dept. will not have the flexibility to respond swiftly and effectively which are critical in situations such as now.

The Chamber of Commerce and its Tourism Committee, therefore, opposes HB 1763 HD2 SD1 and urges the committee's hold this measure.

Thank you for the opportunity to provide written comments.