



**HAWAI'I HOTEL & LODGING
ASSOCIATION**

2270 Kalakaua Ave., Suite 1506
Honolulu, HI 96815
Phone: (808) 923-0407
Fax: (808) 924-3843
E-Mail: hha@hawaiihotels.org
Website: www.hawaiihotels.org



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**TESTIMONY OF MURRAY TOWILL
PRESIDENT
HAWAI'I HOTEL & LODGING ASSOCIATION
March 5, 2009
RE: HB 681 HD1 Relating to the Transient Accommodations Tax**

Good afternoon Chairman Oshiro and members of the House Finance Committee. I am Murray Towill, President of the Hawai'i Hotel & Lodging Association.

The Hawai'i Hotel & Lodging Association is a statewide association of hotels, condominiums, timeshare companies, management firms, suppliers, and other related firms and individuals. Our membership includes over 170 hotels representing over 47,300 rooms. Our hotel members range from the 2,523 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawai'i Hotel & Lodging Association does not support HB 681. We strongly believe that the Hawaii Tourism Authority ("HTA") needs to support both product development and marketing activities. Both the quality of our product and effective marketing are essential to the success of Hawaii as a destination.

We do not support this bill because it would mandate that 40% of HTA's funds go to product development. We believe the allocation of funds to various activities should vary and should be determined by circumstances. The economic crisis we are currently encountering is a good example of this need for flexibility. Currently HTA is confronted with falling revenue and needs to bolster its marketing activities to stimulate travel to Hawaii.

A restriction like the one proposed here could adversely impact the HTA's ability to respond.

We urge you to hold this bill. Mahalo again for this opportunity to testify.

LINDA LINGLE
Governor

LLOYD I. UNEBASAMI
Interim President and
Chief Executive Officer

Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
Website: www.hawaiitourismauthority.org

Telephone: (808) 973-2255
Fax: (808) 973-2253

Testimony of
Lloyd Unebasami
Interim President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 681, H.D. 1
Relating to the Transient Accommodations Tax

House Committee on Finance
Thursday, March 5, 2009
2:30 p.m.
Conference Room 308

The Hawai'i Tourism Authority (HTA) supports the intent of H.B. 681, H.D. 1, which requires a percentage of the transient accommodations tax (TAT) to be used for tourism product development.

The Hawai'i Tourism Strategic Plan (TSP), which the HTA, in collaboration with partners in the community, industry and government sectors, developed in 2004, identifies nine initiatives that are needed to ensure a long-term and sustainable visitor industry. They are: Access, Communications & Outreach, Hawaiian Culture, Marketing, Natural Resources, Research & Planning, Safety & Security, Tourism Product Development and Workforce Development.

The TSP provides the overall framework upon which the HTA develops its own agency programs, and the HTA budget reflects its role in each of the nine initiatives. In addition, the organizational structure of the HTA is divided into four major areas: Marketing (including Market Development), Product Development, Communications & Outreach, and Administration.

The Product Development area of HTA is responsible for defining the appropriate role for HTA in the following initiatives: Access (Greetings Program), Hawaiian Culture, Natural Resources, Safety & Security, Tourism Product Development and Workforce Development.

Acknowledging that the HTA does not serve as the lead in several of these non-marketing initiatives and that many aspects of Hawai'i's tourism product fall under the purview of other agencies, organizations or businesses, the HTA focuses on those elements that can be impacted by direct support, advocacy and guidance from the HTA. Partnerships, accountability and the recognition that the HTA is a statewide organization are key aspects of program planning in HTA's Product Development area.

In the HTA's 2009 budget, approximately 10% is allocated toward these non-marketing, product development related initiatives. This includes but is not limited to the following programs:

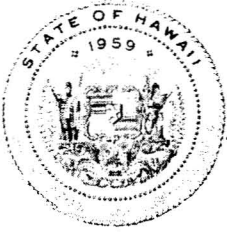
- Natural Resources Program which assists in preserving Hawai'i's precious resources through community projects;
- County Product Enrichment Program (CPEP) which supports community-based tourism events and activities on each island, and most of these reflect Hawai'i's multi-ethnic culture;
- Greetings Program which provides Hawaiian entertainment at the airports;
- Visitor Assistance Programs which provides much-needed help to visitors who become victims of crime and other adversities during their stay in Hawai'i;
- Strategic Festivals and Events program which targets major festivals on O'ahu, Kaua'i, Maui and Hawai'i Island; and, importantly,
- Hawaiian Culture Program which supports the major Hawaiian festivals, community-based projects which preserve and protect the culture and the Native Hawaiian Hospitality Association (NaHHA).

The HTA also works with and supports various workforce development projects that aim to provide Hawai'i with a skilled workforce that provides quality service.

HTA's Product Development program exists to address the vision, goal, objectives and strategic directions articulated in the TSP and plays an important and critical role in the state's efforts to ensure a high-quality visitor destination. These efforts are integrated with HTA's other programs particularly in the area of marketing and market development and are aimed at ensuring that we all continue to address the well-being of Hawai'i's tourism product that is consistent with our host culture and community interests.

We fully appreciate and welcome the concern and support of the Legislature in all of our efforts to support product development, however, we believe that this measure should be held. The HTA needs the flexibility to support all nine initiatives in order to respond to market conditions, events happening locally, nationally and internationally, and our stakeholders in Hawai'i.

Thank you for the opportunity to testify on this measure.



TOURISM LIAISON

LINDA LINGLE
GOVERNOR
MARSHA WIENERT
TOURISM LIAISON

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 586-2362
Fax: (808) 586-2370

Statement of
MARSHA WIENERT
Tourism Liaison

Department of Business, Economic Development & Tourism
before the

HOUSE COMMITTEE ON FINANCE

Thursday, March 5, 2009

2:30 p.m.

State Capitol, Conference Room 308

in consideration of

HB 681 HD1

RELATING TO THE TRANSIENT ACCOMMODATIONS TAX.

Chair Oshiro, Vice Chair Lee and Members of the House Committee on Finance.

The Department of Business, Economic Development and Tourism opposes HB 681 HD1, which amends Section 237D-6.5 (b), Hawaii Revised Statutes, by specifying that a percentage of the revenue collected and deposited into the tourism special fund be used for tourism product development.

We support product development and agree that the tourism authority should expend funds for product development as well as other non-marketing initiatives. However, mandating that a percentage of the funds be spent for product development would tie the hands of the authority and its board in developing initiatives and appropriating funds based on priorities that have been established due to market and economic conditions of the time.

Therefore, we humbly request that this bill be held and that you allow the authority's board to operate in the best interest of the people of Hawai'i and the visitor industry.

Thank you for allowing me to comment on HB 681 HD1.

**Testimony Presented Before the
House Committee on Finance
Conference Room 308**

March 5, 2009

2:30 p.m.

RE: HB681, HD1 – Relating to the Transient Accommodations Tax

Chair Oshiro and Members of the Committee:

My name is Kathryn Matayoshi, Executive Director of the Hawai`i Business Roundtable. I am testifying in opposition to HB 681, HD1.

The current difficult economic times have clearly shaken our community and our businesses to the core. There are many needs in our community and many competing demands for government funds.

However, without a strong and thriving economy, our communities cannot thrive. The tourism industry is still the major source of jobs in our community. The most recent People's Pulse results show that the public understands the importance of the visitor industry, with 80% rating it very important in generating jobs in the Hawaii, and 70% strongly agree that it supports other businesses and creates job in related businesses. In keeping with those strong support numbers, 3 in 5 people support increasing tourism marketing.

That said, the market and the industry continue to change and evolve based on a multitude of factors; many factors are global in scope and shifting rapidly. Because of this, we believe that the Hawaii Tourism Authority needs the flexibility in its budgeting to deal with events and trends, rather than have a set percentage dictated by legislation. Accordingly, we are opposed to requiring that the HTA budget a set percentage to any specific area within their scope of authority.

Funding for product development is an important aspect of the industry, but against the backdrop of these difficult economic times, the Roundtable strongly supports maintaining the level of funding for tourism marketing. Marketing dollars keep awareness of Hawaii as a prime destination at a high level. And while there may be varied opinions on the marketing strategies chosen, our members see that the marketing efforts are having an impact on reducing the downturn in the visitor count. To some extent, the "finger in the dyke" is marketing, and we do not believe it is time for reducing the financial support for marketing.

In summary, the Hawaii Business Roundtable opposes passage of HB 681, HD1. Thank you for your consideration.

Honorable Marcus Oshiro, Chair
Committee on Finance
House of Representatives
State of Hawaii

February 5, 2009

Re: HB 681, HD1 --- Relating to Transient Accommodation Tax

Chair Oshiro and Honorable Committee Members:

My name is Peter Fithian and I am the Chair of the Airports Concessionaires Committee whose membership consists of the major concessions at Hawaii's public airports.

Our Committee supports this bill.

Members of our Committee have volunteered their time and resources in supporting the greeters (musicians and dancers) and training program (better communication and treatment of visitors and residents by employees) at Hawaii's public airports. This program would not be in existence but for the funding provided by HTA.

We are concerned that the program will be eliminated due to reports and statements by various leaders that all of HTA's funding should be focused entirely on marketing. This should not happen. Virtually all of our millions of visitors each year arrive and depart through our public airports. What better way to share our appreciation and Aloha for them than through song and dance and courteous communication. Such greetings have always been an important part of Hawaii's culture and must not be lost. In our view this program is critical to product development while exhibiting and sharing a part of Hawaii's culture. Warm greetings of Aloha have always been a unique part of Hawaii's culture which our visitors take back home and share with their friends and family members.

We are thankful to HTA's past support of this program and recognize HTA's current challenges in marketing and promoting Hawaii. Thus, we have reduced our funding requests for the program by 50%. When funding returns to HTA we are hopeful that HTA will restore to prior funding levels if not more funds. As to the percentage amounts set forth in this bill we leave it to your determination as policy makers.

In closing, we urge you to support to this which will ensure that a critical program is not lost. Thank you for considering this bill. There were many who testified in support of this bill when heard before your Tourism Committee. Unfortunately due to the sudden hearing notice, many of the bill's supporters were not able to appear here today and testify. Mahalo Nui Loa.