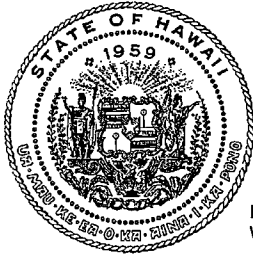


**HB 754**



LINDA LINGLE  
Governor

LLOYD I. UNEBASAMI  
Interim President and  
Chief Executive Officer

# Hawai'i Tourism Authority

Hawai'i Convention Center, 1801 Kalākāua Avenue, Honolulu, Hawai'i 96815  
Website: [www.hawaiitourismauthority.org](http://www.hawaiitourismauthority.org)

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

Testimony of  
**Lloyd I. Unebasami**  
Interim President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**H.B. 754, H.D. 1, Proposed S.D. 1**  
**Relating to the Hawai'i Tourism Authority**

Senate Committee on Tourism  
Senate Committee on Ways and Means  
Friday, April 3, 2009  
9:00 a.m.  
Conference Room 211

The Hawai'i Tourism Authority (HTA) is pleased to offer the following testimony on the proposed S.D. 1 of H.B. 754, H.D. 1.

## Tourism research and statistics functions

The conduct of timely and accurate tourism research including compilation and analysis of data is important for the development and implementation of an effective visitor industry program. The pairing of tourism statistical data with market intelligence of the various major market areas becomes even more critical given the volatility in tourism globally, nationally and locally.

In 1998, the Legislature in Act 156, Session Laws of Hawai'i 1998, directed that tourism-related data collection and basic research be conducted by the Department of Business, Economic Development and Tourism. Assigning those functions to the HTA is a policy decision that the Legislature should make with the understanding of the importance of those functions and the HTA's need to find the most efficient and timely source of tourism data.

## Change in the HTA board of directors

The HTA takes no position on the changes proposed for the HTA's board of directors. This is a policy decision that the Legislature makes. When the HTA was created in 1998, the Director of Business, Economic Development, and Tourism was an ex-officio, voting member, and the Director of Transportation was an ex-officio, non-voting member. In 2002, the Chair-person of the Board of Land and Natural Resources was added by the Legislature as an ex-officio, non-voting member. In 2005, the Legislature changed the Director of Business, Economic Development, and Tourism to an ex-officio, non-voting member and added the Executive Director of the State Foundation on Culture and the Arts as a fourth ex-officio, non-voting member.

### Development of measures of effectiveness

The Hawai'i Tourism Authority (HTA) supports the development of measures of effectiveness to assess the overall benefits and effectiveness of its marketing plan and document the benefits to the tourism industry, employment, state taxes, and underutilized destinations.

HTA's role is to promote tourism by creating an awareness of the Hawai'i brand, rather than the direct sale and purchase of travel products such as hotel rooms and visitor attractions, over which the HTA has not control. Therefore, HTA's measures of effectiveness focus on determining the success of its marketing contractors in developing an awareness of the Hawai'i brand and not actual bookings. While HTA does monitor market performance indicators such as visitor spending, visitor arrivals, and visitor satisfaction, these are measures that are affected by factors outside the influence of HTA's marketing programs.

For several years, the HTA has been contracting with leading international research companies to develop and implement a system to track the impact and effectiveness of its marketing programs in three major marketing areas – U.S. East, U.S. West and Japan. This includes intention to travel, the positive impression of the Hawai'i brand relative to its competitors, and measures of specific marketing attributes of Hawai'i in those major marketing areas.

We recommend that this bill be amended to have the measures of effectiveness assess and document the effectiveness of HTA's marketing plan:

- In creating the intention to travel to Hawai'i;
- In establishing positive impressions of the Hawai'i brand relative to its competitors; and
- Measuring the specific marketing attributes of Hawai'i in major market areas.

### Tourism emergency

The Hawai'i Tourism Authority (HTA) strongly supports the amendment of the definition of "tourism emergency" to include regional and global economic crisis.

The current law requires the "occurrence of a world conflict, terrorist threat, natural disaster, outbreak of disease, or other catastrophic event..." As such, under the current law, it may be questionable whether the Tourism Emergency Trust Fund can be used to address events caused by the current economic conditions, or other events that are not caused by a catastrophic event.

### Earmarking a percentage of Tourism Special Fund for 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,

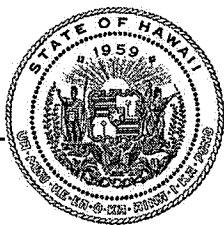
Research & Planning, Safety & Security, Tourism Product Development and Workforce Development.

The Product Development area of HTA is responsible for defining the appropriate role for HTA in several 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.

The HTA's Product Development program 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 in the areas 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 are consistent with our host culture and community interests.

As such, we do not think that there is a percentage of the Tourism Special Fund should be dedicated for product development. 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 present this testimony.



LINDA LINGLE  
GOVERNOR  
MARSHA WIENERT  
TOURISM LIAISON

## 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  
**SENATE COMMITTEE ON TOURISM**  
and the  
**SENATE COMMITTEE ON WAYS AND MEANS**  
Friday, April 3, 2009  
9:00 a.m.  
State Capitol, Conference Room 211

in consideration of  
**HB 754 HD 1 (Proposed SD1)**  
**RELATING TO THE HAWAII TOURISM AUTHORITY.**

Chairs Nishihara & Kim, Vice Chairs Galuteria & Tsutsui and Members of the Senate Committees.

The Department of Business, Economic Development and Tourism (DBEDT) has concerns with the proposed SD1 version of HB 754 HD1 and must oppose this measure in its current form. We oppose the following provisions of the measure: 1) removing the ex-officio members from the Hawai'i Tourism Authority (HTA) Board and placing them in an advisory group to HTA; 2) transferring tourism research- and statistics-related functions from DBEDT to HTA; and 3) earmarking an unspecified percentage of moneys allocated to the Tourism Special Fund from the Transient Accommodations Tax to be used for tourism development and cultural programs. However, we support the provisions that: 1) make technical amendments to tourism law regarding development of measures of effectiveness; and 2) expands the scope of a tourism emergency to include a national or global economic crisis.

We have been consistent through this Legislative session in opposing the removal of the ex-officio members of the HTA Board because we do not believe that there is a justifiable reason to do so. In fact, we believe that there are many reasons why they should remain on the board. These ex-officio members include the DBEDT representative—the Tourism Liaison, Department of Transportation (DOT) director, Board of Land and Natural Resources (BLNR) chairperson and the State Foundation on Culture and the Arts (SFCA) executive director.

The State Tourism Strategic Plan (TSP) identifies DOT, DLNR, DBEDT and the Tourism Liaison as integral participants for meeting the goals and objectives set forth to ensure tourism's success. The Tourism Liaison is identified as key to the overall management of the

TSP and serves as the coordinator between the HTA and the Executive Branch to ensure the initiatives in the TSP are being implemented. Placing them only in an advisory role could result in a disconnect between the HTA and the Executive departments.

We have also been consistent in our opposition to earmarking HTA tourism special funds for specific programs. Our opposition is not against funding product and cultural development programs, as we wholeheartedly support the need for these programs and projects. Rather, we oppose designating a portion of the funds because it does not allow the board or the authority to adjust budget priorities based upon market conditions. We firmly believe that the board requires flexibility in order to perform in the best interest of the industry and the state's economic future.

We were surprised to see that this proposed SD1 transfers the tourism research function from DBEDT to HTA. The State of Hawai'i is known internationally for having the best tourism research in the world. This reputation and the caliber of data that we have should not be compromised by having the HTA—the State's lead agency and advocate for Hawai'i's tourism industry—assume the data collection, processing and reporting functions that help to measure the success of the industry. If this transfer is made, the data would be suspect and the credibility of the reports questioned. We caution that the unintended consequences of this move would have grave effects on a resource that many Hawai'i businesses depend on.

Lastly, we support expanding the scope of a tourism emergency to include a regional or global economic crisis. We strongly believe that the current world economic crisis has had the same effect that a world conflict, terrorist threat, natural disaster or outbreak of disease would have on Hawai'i's tourism industry and the State's economy. Therefore, allowing access to the tourism emergency fund for this reason is justifiable. In addition, we also support the intent of making technical amendments to tourism law regarding the development of measures of effectiveness.

In summary, we oppose three of the five provisions in the proposed SD1 version of HB 754 HD1 and ask for your careful consideration of this measure. We urge you to hold this proposed SD1 version of the bill.

Thank you for allowing us to voice our opposition to HB 754 HD1, proposed SD1.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE  
GOVERNOR  
THEODORE E. LIU  
DIRECTOR  
MARK K. ANDERSON  
DEPUTY DIRECTOR

No. 1 Capitol District Bldg., 250 South Hotel St., 5th Flr., Honolulu, Hawaii 96813  
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804  
Web site: [www.hawaii.gov/dbedt](http://www.hawaii.gov/dbedt)

Tel.: (808) 586-2355  
Fax: (808) 586-2377

Statement of  
**THEODORE E. LIU**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE TOURISM**  
and  
**SENATE COMMITTEE ON WAYS AND MEANS**

Friday, April 3, 2009  
9:00 a.m.  
State Capitol, Conference Room 211

in consideration of  
**HB 754, HD 1, SD 1 Proposed**  
**RELATING TO THE HAWAII TOURISM AUTHORITY**

Chair Nishihara, Chair Kim, and Members of the Senate Committees on Tourism and Ways and Means.

We would like to provide detailed concerns about the sections of this bill transferring responsibility for tourism research and statistics from DBEDT to the Hawaii Tourism Authority (HTA), which we respectfully oppose.

Responsibility for the state's tourism and statistics program was assigned to DBEDT under Act 156 of 1998, which also created the HTA. Over the last decade, under the department's Research and Economic Analysis Division (BED 130), the tourism research program has expanded the range and depth of data collected on the visitor industry, while maintaining a very efficient and cost-effective operation. The program is headed by a Research and Statistics officer and has four staff positions that engage in all aspects of the data collection and analysis process from developing Requests for Proposals, through the contracting and monitoring process, to the final validation, organization and publication of data and research findings. Accuracy and service to the policy and business users of the data

and analyses are top priorities of the program. The program continuously looks for ways to improve the quality and timeliness of the information.

Several aspects of the proposed transfer are of concern to DBEDT. First, we are concerned about the effective management of such a critical research function outside of the context of a larger research program. Currently the tourism program is overseen by the Economics Research Administrator and is supported by the economic and statistical resources of the other branches in BED 130. This ensures that generally accepted tourism research theories, concepts and methods are in place and kept current. It also provides for additional assistance in verifying the work of contractors and identifying issues with incoming survey data that may need attention. The tourism research program is also able to take advantage of shared clerical assistance, specialized analytical expertise, internet support for data dissemination and other research oriented assistance found in the Research and Economic Analysis Division.

Second, we believe that maintaining an arms-length separation between the agency that is charged with achieving tourism goals and the agency that measures how well those goals have been met, provides for stronger public confidence in both the data and the respective agencies. The separation of the collection of data and the marketing and promotion of tourism is standard in many jurisdictions, including the Canadian government.

Finally, we are concerned about the uncertainty created for the current tourism research staff.

Thank you for the opportunity to offer these comments.



HAWAII  
STATE  
FOUNDATION  
ON  
CULTURE  
AND  
THE ARTS



LINDA LINGLE  
Governor

RUSS K. SAITO  
Comptroller

LORI V. THOMAS  
Chairperson

Commissioners:  
SANDRA ALBANO  
MARY BEGIER  
BINA CHUN  
MARIA JO FARINA  
SANDRA FONG  
TERI FREITAS GORMAN  
DAVID E. HELDER  
PETER ROSEGG

RONALD K. YAMAKAWA  
Executive Director

TESTIMONY OF THE  
STATE FOUNDATION ON CULTURE AND THE ARTS

SENATE COMMITTEE ON TOURISM  
SENATE COMMITTEE ON WAYS AND MEANS  
ON

April 3, 2009

H. B. 754, HD 1

RELATING TO THE HAWAII TOURISM AUTHORITY

Chair Kim, Chair Nishihara and members of the committees,  
thank you for the opportunity to testify before you on H. B. 754, HD 1.

The State Foundation on Culture and the Arts opposes this bill.  
The seat that I occupy on the Board of the Hawaii Tourism Authority  
(HTA) was created to provide direct communication to the HTA Board  
on matters relating to cultural tourism and building collaborative efforts  
between our agencies to infuse Hawaii's visitor industry with diverse  
artistic and cultural attractions. At the same time, the SFCA stands for  
preserving cultural integrity in products and experiences. This viewpoint  
needs to be represented while decisions are being discussed and courses  
of action determined.

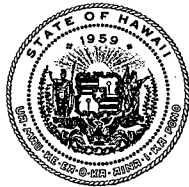
While an advisory committee serves a purpose to allow input into  
the decision-making process, it is decidedly not as immediate and  
therefore has less authority and impact on matters at hand.

I do not believe the contributions of the State Foundation or those  
of the other State agencies serving in an ex-officio capacity should be  
subordinated or further removed from the HTA Board. Our participation

No. 1 Capitol District Building  
250 South Hotel Street, Second Floor  
Honolulu, Hawaii 96813  
Administration: (808) 586-0300  
Art in Public Places: (808) 586-0304  
Contracts: (808) 586-0302  
FAX: (808) 586-0308  
TT: (808) 586-0740  
Web Page: [www.hawaii.gov/sfca](http://www.hawaii.gov/sfca)

as Board members has been beneficial to both the HTA and our respective agencies. I hope that such relationships can continue.

Thank you for the opportunity to testify on this matter.



Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI  
JIRO A. SUMADA

IN REPLY REFER TO:

STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097  
April 3, 2009

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HOUSE BILL NO. 754, H.D.1, S.D.1 (PROPOSED),  
RELATING TO THE HAWAII TOURISM AUTHORITY.

COMMITTEE ON TOURISM  
COMMITTEE ON WAYS AND MEANS

The Department of Transportation (DOT) objects to any attempt to eliminate the Director of Transportation (or his designee) from being a member of the board of directors of the Hawaii Tourism Authority (HTA). For this reason, the DOT **strongly opposes** this bill and the Proposed S.D.1.

From its inception, the board of directors of the HTA included the Director of Transportation as a member. Act 156, SLH 1998. The purpose of including the Director of Transportation as a member of the HTA board of directors was clearly evident. One of the expressed statutory goals of the HTA was to “work to eliminate or reduce barriers to travel in order to provide a positive and competitive business environment, including coordinating with the department of transportation on issues affecting airlines and air route development.” (Emphasis added.) This HTA goal still exists today. HRS Section 201B-3(a)(18). Accordingly, there is no good reason to eliminate the Director of Transportation from the HTA board of directors. In fact, eliminating the Director of Transportation from the HTA board of directors could prove detrimental to HTA’s ability to successfully achieve the necessary level of coordination with the DOT. In light of the role that the DOT plays in our tourism industry, the DOT strongly recommends that H.B. 754 be amended to leave the Director of Transportation on the HTA board of directors.

Proposed S.D.1 would remove the Director of Transportation from the HTA board of directors and place the Director of Transportation in an advisory group to HTA. This is still unacceptable. Although the purpose of the advisory group is to advise the HTA on matters relating to their respective department or agency, the advisory group is not part of the HTA board of directors. By limiting the DOT to an advisory capacity, Proposed S.D.1 would make it less likely that HTA could satisfy its statutory goal of coordinating with DOT on issues affecting airlines and air route development. It would also make it less likely that HTA could eliminate or reduce barriers to travel in order to provide a positive and competitive business environment. In light of Hawaii’s current economic situation, we cannot afford to have the HTA board of directors make critical decisions without the input and guidance of major stakeholders, such as the DOT.

Thank you for the opportunity to testify on this matter.



THE SENATE  
25<sup>th</sup> LEGISLATURE  
REGULAR SESSION of 2009

COMMITTEE ON TOURISM  
Senator Clarence K Nishihara, Chair

COMMITTEE ON WAYS AND MEANS  
Senator Donna M Kim, Chair

4/3/09

HB 754, HD1, Proposed SD1  
Relating to Hawaii Tourism Authority (HTA)

Chair Nishihara, Chair Kim and Members of both Committees, my name is Max Sword, here on behalf of Outrigger Hotels, to offer our comments on this bill.

While we support the intent of the bill, there are provisions in this bill, such as the mandated allocation of the HTA funds for product development that concerns us.

On that provision, I will agree that the Board made a mistake in completely cutting the funds for product development in the first go-around while reviewing the budget. However, HTA still needs to have the flexibility to move funds around as the market place shifts.

Provisions that would greatly restrict the HTA's ability to adjust to market conditions, should be strongly considered before being included in any bill.

Mahalo for considering my testimony and comment!

**STARWOOD**  
HOTELS & RESORTS WORLDWIDE, INC.

April 3, 2009

To: Senator Clarence Nishihara, Chair  
Senator Brickwood Galuteria, Vice Chair  
Senate Committee on Tourism

To: Senator Donna Mercado Kim, Chair  
Senator Shan S. Tsutsui, Vice Chair  
Senate Committee on Ways and Means

Fr: Keith Vieira, Senior Vice President of Operations for Starwood Hotels in Hawaii  
and French Polynesia

Re: **HB 754, HD1, PROPOSED SD 1, RELATING TO THE HAWAII  
TOURISM AUTHORITY - COMMENT**  
Friday, April 3, 2009 - Conference Room 211 - 9:00 a.m.

Aloha Chairs Nishihara and Kim, Vice Chairs Galuteria and Tsutsui and Members of the Committees:

Thank you for the opportunity to offer comments on HB 754, HD1, Proposed SD1, Relating to the Hawaii Tourism Authority ("HTA").

Starwood Hotels supports the intent of this bill. We support the provision to allow HTA to respond to tourism emergencies, including regional or global economic crisis.

However, we do have concerns about removing ex-officio members from the HTA board and transferring the members into an advisory group. We support the current structure and believe that it allows input and information to flow more efficiently throughout the board.

We do not support earmarking funds to be used for tourism product development and cultural programs. As crisis and events arise, HTA needs to be flexible to anticipate and to respond to emerging needs.

For these reasons, we respectfully request that you consider amending this bill to address outstanding issues.

As always, I thank you for the opportunity to share our views on this matter.





**HAWAII HOTEL & LODGING  
ASSOCIATION**

2270 Kalakaua Ave., Suite 1506  
Honolulu, HI 96815  
Phone: (808) 923-0407  
Fax: (808) 924-3843  
E-Mail: [hhl@hawaii-hotels.org](mailto:hhl@hawaii-hotels.org)  
Website: [www.hawaii-hotels.org](http://www.hawaii-hotels.org)



31<sup>st</sup> Anniversary  
Are You Walking???  
May 16, 2009  
(Always the 3<sup>rd</sup> Saturday in May)  
[www.charitywalkhawaii.org](http://www.charitywalkhawaii.org)

**TESTIMONY OF MURRAY TOWILL  
PRESIDENT  
HAWAII HOTEL & LODGING ASSOCIATION  
April 3, 2009**

**RE: HB 754 HD 1 SD1 (Proposed) Relating to the Hawaii Tourism Authority**

Good morning Chairs Nishihara and Kim and members of the Senate Committees on Tourism, and Ways & Means. I am Murray Towill, President of the Hawaii Hotel & Lodging Association.

The Hawaii 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 2,680 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawaii Hotel & Lodging Association supports the intent of HB 754 HD1 SD1 (Proposed) Relating to the Hawaii Tourism Authority. This bill contains a variety of provisions most of which are aimed at the structure and operations of the Hawaii Tourism Authority.

The focus of our testimony will be on two provisions of this bill, one that we strongly support and one we oppose.

We strongly support section 5 of this bill. This section clarifies that the Tourism Emergency Trust Fund could be utilized for an economic disaster as well as a natural or terrorist created disaster as indicated in the current statute. Our experiences over the last year clearly indicate the value of this step.

We, however, oppose section 7 of this bill. This provision would earmark a fixed percentage of the Hawaii Tourism Authority's ("HTA") funding for product development and cultural activities. We strongly believe that the HTA needs to support product development, cultural activities and marketing activities. However, we believe the allocation of funds to various activities could vary and should be determined by circumstances. The economic crisis we are currently encountering is a good example for the need for flexibility. Currently the HTA and the State are confronted with falling revenue and the HTA needs to bolster its marketing activities to help stimulate travel to Hawaii. Stimulating additional travel is the best and quickest way to keep people working and to generate additional tax revenue for the State.

Again, mahalo for this opportunity to testify.