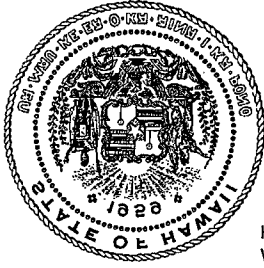


**HB 1763, HD2**

**Relating To The Hawaii Tourism Authority**



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.hawaii-tourism-authority.org](http://www.hawaii-tourism-authority.org)

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

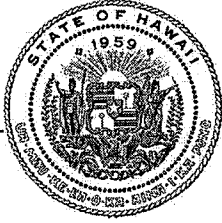
Testimony of  
**Lloyd I. Unebasami**  
Interim President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**H.B. 1763, H.D. 2**  
**Relating to the Hawai'i Tourism Authority**

Senate Committee on Tourism  
March 19, 2009  
2:45 p.m.  
Conference Room 229

The Hawai'i Tourism Authority (HTA) strongly opposes H.B. 1763, H.D. 2, 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, the 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. Thank you for the opportunity to offer these comments.



## TOURISM LIAISON

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

LINDA LINGLE  
GOVERNOR  
MARSHA WIENERT  
TOURISM LIAISON

Statement of  
**MARSHA WIENERT**  
**Tourism Liaison**  
Department of Business, Economic Development & Tourism  
before the  
**SENATE COMMITTEE ON TOURISM**  
Thursday, March 19, 2009  
2:45 p.m.  
State Capitol, Conference Room 229

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

Chair Nishihara, Vice Chair Galuteria and Members of the Senate Committee on Tourism.

The Department of Business, Economic Development and Tourism opposes HB 1763 HD2, 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.

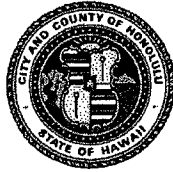
Additionally, due to our current tourism and economic challenges, we do not believe that now is the time to make these changes.

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

Thank you for the opportunity to comment on this measure.

OFFICE OF THE MAYOR  
**CITY AND COUNTY OF HONOLULU**  
530 SOUTH KING STREET, ROOM 300 • HONOLULU, HAWAII 96813  
PHONE: (808) 768-4141 • FAX: (808) 768-4242 • E-MAIL: mayor@honolulu.gov

MUFI HANNEMANN  
MAYOR



March 16, 2009

The Honorable Clarence K. Nishihara, Chairman  
and Members  
Committee on Tourism  
The Senate  
State Capitol  
Honolulu, Hawaii 96813

Dear Chairman Nishihara and Senators:

I am offering this testimony in support of House Bill 1763, H.D. 2, 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 showing tremendous strength 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 Clarence K. Nishihara, Chairman  
March 16, 2009  
Page 2

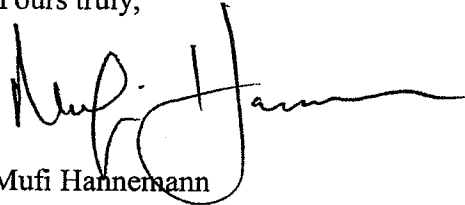
While I will withhold comment on the many details of this measure, it appears that the goal of House Bill 1763 is to restore that level of flexibility, and direct accountability, to the state's tourism activities. Other state agencies operate under similar fiscal conditions and legislative oversight, 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 continued 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

## **nishihara2 - Bert**

---

**From:** Torchiana, Maynard [maynard@drhmaui.com]  
**Sent:** Monday, March 16, 2009 4:21 PM  
**To:** TSM Testimony  
**Subject:** Senate Tourism Committee Hearing Thursday March 19th, 2009 at 2:45 PM

Aloha Honorable Committee

I would like to submit my testimony on the four bills being discussed. Thank you in advance for your indulgence.

I have been in the tourism business for the past 22 years on Maui. I have been chairman of the Maui Visitors Bureau three times over the years. I have been on the Executive Board of HCVB. I have travelled on Asia Missions with two Governors and three Mayors of Maui County. I supported Hawaii in Germany at ITB for 7 years. I Co Founded the Wailea Destination Association, which is now under the direction of the Wailea Community Association of which I am the Vice President of the Board. I attended trade shows and media receptions throughout the United States. I am a Certified Hotel Administrator. I have the largest short term rental property management company within the Wailea/Makena Resorts. I employ 120 people and depend on tourism. I would hope that you would consider me to be knowledgeable about our industry.

When the TAT was proposed as a method of generating sales and marketing revenues for tourism we supported the effort. As island chapters we supported it because we got a defined/fixed percentage of the funding for our county sales and marketing efforts. When HTA was formed we supported that as well. The understanding of how HTA was to function was clear. As we all know that has changed over the years. Now we have a crisis in our State and I am not sure who is at fault, but if we spend time pointing fingers and making changes now it is going to get a lot worse. Hawaii has an image problem and so do the outer islands. Marketing dollars can help to improve that image. HTA has become mired down in the political bureaucracy and it cannot function that way.

I support HB 960 HD2 to allow HTA access to the \$5M in the Tourism Emergency Fund and I beseech you to support it as well. We need to be proactive.

I support HB 1204 HD2 which would give \$10M in additional funding to HTA FY 2009-10. This money will go a long way to increasing visitors to our islands which in turn will provide jobs or better stated allow us to keep the employees we have rather than laying them off. Perhaps you might want to take a look at collecting TAT from all the people that should be paying. If you went on the VRBO web site for example, pulled up the names/addresses listed and the property they are advertising for transient rentals and crossed checked their property tax classification and their TAT reporting you will find discrepancies Statewide. I am convinced that between TAT and property taxes there could be as much as \$10M not collected that could be.

I oppose HB 1763 HD2 because I believe that this is not the time to make such a dramatic change. Sure we may all agree HTA is not perfect in fact it needs to change how it functions. I am convinced that the time it takes to convert over to another way of conducting and managing tourism is the wrong approach to take now.

I oppose HB 754 HD1 for the same reasons I have cited earlier. Changing the HTA Board composition is not the right thing to be doing now. Let's move forward and get Hawaii back as the best and only place in the world to vacation.

Respectfully Submitted

Maynard Torchiana | Executive Vice President/Managing Director  
Destination Resorts Hawaii | 3750 Wailea Alanui Drive #B51 | Wailea, Maui, HI 96753  
P: 808.891.6201 | F: 808.891.4554 | [www.drhmaui.com](http://www.drhmaui.com)

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Please consider the environment before printing this email.



Testimony of  
**Carol Reimann**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**HB1763**  
**Relating to the Hawaii Tourism Authority**

House Committee on Finance  
Friday, February 27, 2009 – 3pm  
Conference Room 308

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of Maui's Visitor Industry. Our membership includes approximately 120 property and allied business members – all of whom have an interest in the visitor industry.

MHLA opposes HB1763 entitled Relating to the Hawaii Tourism Authority (HTA). Since its inception in 1998 upon the recommendation of the Economic Revitalization Task Force, the HTA has been responsible for all aspects of tourism. From policy setting to marketing and product development, HTA has been instrumental in managing our visitor industry.

Hawaii's visitor industry is the economic driver for the State. Additionally, our entire economy continues to struggle during these tough economic times. Abolishing the HTA at this time would have a negative effect on many of our current marketing, product development & sports initiatives; and would exacerbate an already vulnerable economy.

We humbly ask for your opposition of HB1763.

Thank you for the opportunity to provide these comments.



Doug Sears  
General Manager

Grand Hyatt Kauai  
Resort & Spa  
1571 Poipu Road  
Koloa, Kauai, HI 96756 USA

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FAX: 808.240.6591  
E-mail: dsears@hyatt.com



TO: Senator Clarence K. Nishihara, Chair  
The Senate Committee on Tourism

Testimony of Doug Sears, General Manager, Grand Hyatt Kauai Resort & Spa

**HB 960 HD2 – RELATING TO THE HAWAII TOURISM AUTHORITY: I SUPPORT THIS BILL.**  
This measure would broaden the scope of a tourism emergency to include a regional or worldwide economic crisis, which would allow HTA to access the \$5 million in the Tourism Emergency Fund for the challenges we face today.

**HB 1204 HD2 – RELATING TO TOURISM: I SUPPORT THIS BILL.** This measure would allocate an additional amount of funds to the tourism special fund (HTA funding) for FY 2009-10 and 2010-11. This bill started out appropriating \$10 million more each fiscal year however in the HD2 version the amount of funding is blank. We urgently need to invest additional marketing dollars towards jobs and economic recovery.

**HB 1763 HD2 – RELATING TO THE HAWAII TOURISM AUTHORITY: I OPPOSE THIS BILL.** This measure repeals the Hawaii Tourism Authority and establishes a Department of Tourism, transfers the Convention Center Special Fund and the Tourism Special Fund to the newly created Department of Tourism. I believe that the current HTA structure and it's board of directors, especially now, is the correct approach.

**HB 754 HD1 \_\_ RELATING TO THE HAWAII TOURISM AUTHORITY: I OPPOSE THIS BILL.** This measure removes the DBEDT, DOT and DLNR from the HTA Board of Directors. It also removes the State Foundation on Culture and the Arts from the board. All of these positions are non-voting positions on the Board. The State Strategic Tourism Plan identifies DOT, DLNR and the Tourism Liaison as being instrumental in achieving the goals established in the plan and I believe they should continue to be a part of the HTA Board of Directors. I do not believe that there is any justification for changing the make-up of the board.



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General Manager

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TO: Senator Clarence K. Nishihara, Chair  
The Senate Committee on Tourism

Testimony of Doug Sears, General Manager, Grand Hyatt Kauai Resort & Spa

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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 TOURISM  
ON  
HOUSE BILL NO. 1763, H.D. 2

March 19, 2009

RELATING TO THE HAWAII TOURISM AUTHORITY

House Bill No. 1763, H.D. 2, 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.



**HAWAII HOTEL & LODGING  
ASSOCIATION**

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Website: [www.hawaiihotels.org](http://www.hawaiihotels.org)



31<sup>st</sup> Anniversary  
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**TESTIMONY OF MURRAY TOWILL  
PRESIDENT  
HAWAII HOTEL & LODGING ASSOCIATION**

**March 19, 2009**

**RE: HB 1763 HD2 Relating to the Hawaii Tourism Authority**

Good afternoon Chairman Nishihara and members of the Senate Committee on Tourism. 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 opposes HB 1763 HD2 Relating to the Hawaii Tourism Authority. This bill would repeal the Hawaii Tourism Authority ("HTA") statute and replace it with a Department of Tourism. We do not support this change.

We support the existing HTA structure because it provides the opportunity for experienced industry professionals to be directly involved in the policy making and decision making process. Access to this experience is critical when setting policy for an industry critical to Hawaii's long-term economic health.

As we have seen in recent months, economic circumstances can change quickly. We are concerned that a Tourism Department will not have the flexibility or leadership to respond quickly and effectively.

A decade ago when the HTA was created, we supported a increase in the Transient Accommodations Tax to help fund its mission. The HTA has been successful in helping Hawaii weather serious recent economic problems. We urge you not to change this structure especially now as we are facing our most serious economic challenges in over 2 generations.

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



Testimony to the Senate Committee on Tourism  
Conference Room 229, State Capitol  
Thursday, March 19, 2009; 2:45 p.m.

**RE: HOUSE BILL NO. 1763 HD2, RELATING TO TOURISM EMERGENCY**

Chair Nishihara, Vice Chair Galuteria, and Members of the Committee:

The Chamber of Commerce of Hawaii opposes HB 1763 HD2, relating to Tourism Emergency.

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 and urges the committee's hold this measure.

Thank you for the opportunity to provide written comments.

**LATE**

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

COMMITTEE ON TOURISM  
Senator Clarence Nishihara, Chair

3/19/09  
2:45 PM

HB 1763, HD 2  
Relating to Hawaii Tourism Authority (HTA)

Chair Nishihara and members of this Committee, my name is Max Sword, here on behalf of Outrigger Hotels, to speak in opposition to this bill.

In the past the tourism-marketing was under the direction of the Department of Business, Economic Development & Tourism (DBEDT). Because DBEDT was a government agency and had to work under a process that is required of a State department, it was very cumbersome. That arrangement did not allow for one of the important pillars in worldwide marketing, flexibility to adjust to change.

This bill would return tourism marketing back to the "dark ages" of inflexible marketing efforts, which is why the HTA was formed in the first place. This is a step backwards, not forward.

We urge that you hold this bill.

Mahalo for allowing me to testify.

**LATE**

Travel should take you places®

**TESTIMONY OF JERRY GIBSON  
AREA VICE PRESIDENT, HILTON HAWAII  
March 19, 2009  
RE: HB 1763 HD2 Relating to the Hawaii Tourism Authority**

Good afternoon Senator Nishihara, Senator Galuteria, and members of the Committee on Tourism. Thank you for holding this hearing and allowing the members of the visitor industry to submit testimony to you.

Our Hilton Hawaii portfolio spans four islands: Oahu, Maui, Kauai and the Big Island and represents more than 7,000 hotel guest rooms and timeshare units. Our Hilton Hawaiian Village is the largest hotel in Hawaii with its 3,543 hotel and timeshare units.

Hilton Hawaii strongly opposes HB 1763 HD2 Relating to the Hawaii Tourism Authority (HTA) statute, which would replace HTA with a Department of Tourism. We do not support this change.

The current structure of HTA provides the opportunity to utilize the expertise of seasoned industry professionals to be directly involved in the policy-making and decision-making process. Access to these individuals' experience is critical when setting policy for Hawaii's number one industry.

We are concerned that a government agency such as the proposed Department of Tourism would not have the ability to be flexible and nimble, to react quickly during situations such as the one we are experiencing today.

We feel that the HTA has been successful in helping keep Hawaii's tourism industry healthy and that establishing a new government department at this critical juncture is certainly not in our best interest.

We urge you to hold this bill.

Mahalo,



Jerry Gibson  
Area Vice President, Hilton Hawaii