



LATE TESTIMONY

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Testimony of
Mike McCartney
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on
H.B. 2445
Relating to the Hawai'i Tourism Authority

House Committee on Tourism, Culture & International Affairs
Monday, February 1, 2010
8:45 a.m.
Conference Room 312

The Hawai'i Tourism Authority (HTA) strongly supports H.B. 2445, which proposes five housekeeping amendments to the Hawai'i Tourism Authority law.

Confidentiality of tourism research and statistics information

The amendment in Section 1 of the bill corrects an omission of Act 5, Special Session of 2009, which authorized the HTA to contract or enter into agreements for tourism research and statistics, but did not also include the provisions of the law to protect competitively sensitive information gathered by the HTA as part of its research and statistics function from disclosure, where the disclosure could place businesses at a competitive disadvantage.

Confidentiality of marketing information and strategy

The amendment in Section 2 of the bill authorizes the HTA Board of Directors to meet in executive session to protect the confidentiality of information, such as:

- Detailed marketing plans including advertising campaigns and promotional calendars;
- Market intelligence and research studies; and
- Marketing opportunities

that are necessary for Hawai'i to maintain its competitive advantage as a visitor destination.

Measures of effectiveness

The current law directs the HTA to develop measures of effectiveness to "...*assess the overall benefits and effectiveness of the marketing plan and include documentation of the directly attributable benefits of the plan to the following:*

- (1) *Hawai'i's tourism industry;*
- (2) *Employment in Hawai'i;*
- (3) *State taxes; and*
- (4) *The State's lesser known and underutilized destinations.*

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It is difficult to measure and document the “directly attributable benefits” of a marketing plan to Hawai‘i’s tourism industry, employment in Hawai‘i, state taxes, and lesser known and underused destinations.

The amendment in Section 3 of the bill provides that tourism marketing plans include program performance goals and targets that can be monitored to gauge and evaluate the HTA’s promotional programs, and requires the HTA to develop measures of effectiveness to assess the benefits and effectiveness of the marketing plan, including documentation of the progress of the marketing plan toward achieving the Authority’s strategic plan goals.

Notification of contracts

Current law requires the HTA to provide notice to the Speaker of the House of Representatives and President of the Senate at the same time that notice is given to the Governor of any contract or agreement valued at \$25,000 and over that the Authority enters into. Currently, HTA submits, through its monthly CEO Report to the Governor, Speaker of the House of Representatives, and the President of the Senate, notice of **all** contracts and agreements entered into by the HTA. As such, the amendment in Section 4 of the bill conforms to this practice.

Repeal of sunset of HTA provisions

Act 58, SLH 2004:

- Authorized the HTA to retain independent attorneys to provide legal services in cases of contract negotiations where the attorney general lacks sufficient expertise;
- Authorized the HTA to appoint a sports coordinator;
- Exempted HTA from the supervision of accounts by the Comptroller; and
- Authorized the HTA to use up to 5 percent of the moneys in the Tourism Special Fund for administrative expenses.

Act 5, Special Session of 2009, made permanent HTA’s authority to retain independent attorneys and hire a sports coordinator. H.B. 2445 makes the other provisions permanent, which unless extended by the Legislature, will be repealed on June 30, 2010.

The exemption from the supervision of accounts has allowed the HTA to execute its financial transactions more effectively, improve its operational efficiency and overall be more responsive to its stakeholders. The law still requires HTA to conduct preaudits of its payments, maintain records and documents to support disbursements, and to make deposits according to the law regulating state deposit of funds.

Finally, H.B. 2445 makes permanent the limit on HTA’s administrative expenses at 5 percent of moneys in the Tourism Special Fund. At the 3.5 percent, the previous limit on administrative expenses, it was difficult for HTA to fulfill all of its legislative mandates, including implementing measures to insure the accountability of its programs.

We urge your favorable consideration of this measure. Thank you for the opportunity to offer these comments.

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