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Testimony of
Lloyd Unebasami
Interim President and Chief Executive Officer
Hawai'i Tourism Authority

on
H.B. 678
Relating to the Hawai'i Tourism Authority

House Committee on Tourism, Culture & International Affairs
Monday, February 2, 2009
8:30 a.m.
Conference Room 312

The Hawai'i Tourism Authority (HTA) opposes H.B. 678, which requires the HTA to submit an annual budget to the legislature for approval with expenditure caps on marketing, product development, and administration, while allowing adjustments within the three categories.

The HTA would like to make the following points with respect to this measure:

- As part of its current budget process, the HTA develops an annual budget with expenditure limits for each of nine initiatives in the Hawai'i Tourism Strategic Plan (TSP): Access, Communications & Outreach, Hawaiian Culture, Marketing, Natural Resources, Research & Planning, Safety & Security, Tourism Product Development and Workforce Development. To develop this budget, the HTA reviews the needs of all nine initiatives as well as monitors the anticipated revenues. During the fiscal year, HTA adjusts its expenditures within the appropriation authorized by the Legislature in response to changes in the marketplace such as the cease of Aloha and ATA Airlines and the economic situation that exists now, as well as the collection of TAT revenues. Requiring expenditure caps on two of the nine initiatives reduces HTA's overall effectiveness to balance the needs of all nine initiatives as well as limits its ability to respond to changes in the marketplace.
- Funding for administrative expenses is already limited by law to five percent of monies in the Tourism Special Fund and is therefore unnecessary.

As such, the HTA believes H.B. 678 should be held. Thank you for the opportunity to offer these comments.

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**TESTIMONY OF MURRAY TOWILL
PRESIDENT
HAWAII HOTEL & LODGING ASSOCIATION
February 2, 2009
RE: HB 678 Relating to the Hawaii Tourism Authority**

Good morning Chair Manahan and members of the House Committee on Tourism, Culture & International Affairs. 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 2,523 rooms of the Hilton Hawaiian Village to the 4 rooms of the Bougainvillea Bed & Breakfast on the Big Island.

The Hawaii Hotel & Lodging Association does not support HB 678 Relating to the Hawaii Tourism Authority. We have two basic concerns. First, the requirement for an annual budget submission reduces the HTA's ability to develop long-term plans and relationships especially in the marketing area. The HTA's ability to develop long-term commitments would be hindered by this change.

Second, the inability to move funds between marketing, product development and administration would limit HTA's ability to respond to a crisis. As we have seen in the last year, things can change very quickly. If HTA was unable to adjust its budget, their response to a crisis could be greatly impeded.

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

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