



# Hawai'i Tourism Authority

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LINDA LINGLE  
Governor

MIKE MCCARTNEY  
President and  
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Testimony of  
**Mike McCartney**  
President and Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**S.B. 2187, S.D.1, H.D. 1**  
**Relating to the Hawai'i Tourism Authority**  
House Committee on Finance  
Friday, March 26, 2010  
11:00 a.m.  
Conference Room 308

The Hawai'i Tourism Authority (HTA) strongly supports S.B. 2187, S.D.1, H.D. 1, 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, as provided in part I of Chapter 92, HRS, 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.

It provides that the information relating to marketing plans and strategies may be disclosed after the marketing plans and strategies have been executed.

## 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.*

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. S.B. 2187, S.D. 1, H.D. 1, extends the other provisions to June 30, 2015, 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, S.B. 2187, S.D. 1, H.D. 1, 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 request that SECTION 5, be amended by replacing it with SECTION 5 of H.B. 2445, H.D.2, which was reported out by the Finance Committee and passed by the House on March 3<sup>rd</sup>, and provided for the repeal of the sunset provisions of Act, 58, Session Laws of Hawaii 2004.

We urge your favorable consideration of this measure with the amendment that we propose. Thank you for the opportunity to offer these comments.



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CATHY L. TAKASE  
ACTING DIRECTOR

To: House Committee on Finance  
From: Cathy L. Takase, Acting Director  
Hearing: Friday, March 26, 2010, 11 a.m.  
State Capitol, Room 308  
Re: Testimony on S.B. No. 2187, S.D. 1, H.D. 1  
Relating to the Hawaii Tourism Authority

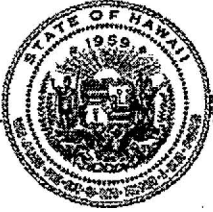
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The Office of Information Practices (OIP) takes no position on this bill, but has concerns about the breadth of certain language at section 2 of this bill and recommends amendment as described below.

OIP administers the Sunshine Law, which is part I of Chapter 92, HRS. Section 2 of this bill would allow the Hawaii Tourism Authority (HTA) to enter into an executive meeting closed to the public in order to receive "[i]nformation that is necessary to protect Hawaii's competitive advantage as a visitor destination."

OIP is concerned about the breadth of the current proposed language. OIP understands that HTA seeks to meet in executive session to protect the confidentiality of information such as detailed marketing plans, market intelligence and research studies, and specific marketing opportunities. OIP believes that, if the Legislature finds an exception to be appropriate, the exception provided should be more narrowly worded (or the intent of the Legislature should be made clear) to reflect that it is this specific type of information that may be discussed in a closed meeting in order to protect Hawaii's competitive advantage.

Thank you for the opportunity to testify.



## TOURISM LIAISON

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Statement of  
**MARSHA WIENERT**  
Tourism Liaison  
Office of the Governor  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Friday, March 26, 2010  
11:00 a.m.  
State Capitol, Conference Room 308

in consideration of  
**SB 2187 SD1 HD1**  
**RELATING TO THE HAWAII TOURISM AUTHORITY.**

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

Thank you for the opportunity to testify on SB 2187 SD1 HD1, which revises Section 201B-3, HRS, allowing the Hawai'i Tourism Authority (HTA) to withhold from public disclosure competitively sensitive information, including completed survey and questionnaire forms, coding sheets and database records of the information. The ability to keep confidential information gathered from our visitors is necessary for any research function and we support this revision.

We also support the revision to Section 201B-4, HRS, which would allow the authority to go into executive session, closed to the public (in accordance with the procedures required for executive meetings under Hawai'i's Sunshine Law), in order to receive information that is necessary to protect Hawai'i's competitive advantage as a visitor destination.

The HTA board recently developed a strategic plan that established goals and set targets for the organization. The revisions to Section 201B-6, HRS, solidifies the need for the authority to include in their plan performance goals and targets. We support this revision.

Similarly, changes to Section 201B-7, subsection (a), HRS, affirm that the authority shall provide tourism information on the effectiveness of the marketing programs, which we support.

Finally, while we appreciate the discussion of the Senate Committee on Tourism (SSCR No. 2051) regarding the submission of reports on contracts and agreements *periodically* (proposed language in Section 201B-7, subsection (a)(9), HRS), we continue to suggest that the word *periodically* be further defined and quantified for purposes of clarification in the future.

Thank you for the opportunity to testify on SB 2187 SD1 HD1.