



**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,
ON HOUSE BILL NO. 1692, HOUSE DRAFT 1,
RELATING TO TOURISM**

House Committee on Finance

February 25, 2014

Chair Luke and Members of the Committee:

Thank you for the opportunity to testify in support of this bill, with comments. The purpose of this measure is to adopt recommendations from our 2013 Report No. 13-09, *Audit of Major Contracts and Agreements of the Hawai‘i Tourism Authority*, to improve the efficiency, transparency, and accountability of the Hawai‘i Tourism Authority. We found that the authority’s tourism marketing plans is dispersed, unwieldy, and falls short of statutory requirements. The “plan” is nearly 600 pages long and spread across more than a dozen documents. We recommended that the authority be required to develop a tourism marketing plan that is contained in a single, comprehensive document. We also recommended that the authority be required, as part of its annual report, to report on the progress of its tourism marketing plan in achieving its strategic plan goals. This bill would adopt our recommendations.

In support of Sections 2 and 4:

Section 2 of the bill responds to our recommendation that the HTA’s tourism marketing plan be contained within a single, comprehensive document. We have no position on whether or not the “tourism marketing plan” should be amended to “Hawai‘i brand management plan.” Section 2

also addresses p. 16 of our report in which we state, "...marketing plans of destination marketers are coordinated *after* finalization of the authority's marketing plan. . . ." Although this HTA practice may meet the intent of coordinating destination marketing plans, it is contrary to the statutory requirement that marketing plans be coordinated *prior* to finalization of the authority's marketing plan and our concomitant recommendation that HTA evaluate whether Section 201B-6, HRS, should be amended and if so, propose such amendments to the Legislature. The bill (at p. 8) proposes to delete the "prior" requirement at Section 201B-6(a)(5), HRS.

We likewise support Section 4 of the bill, which addresses our recommendation that the Legislature require HTA to report on the progress of its marketing plan in achieving its strategic plan goals in its annual report.

Comment on Section 3:

Section 3 of the bill (at pp. 12–13) proposes to amend Section 201B-7, HRS, by adding a subsection (d) that would allow the nondisclosure of competitively sensitive or proprietary information to the public, which we find unnecessary. The proposed language at subsections (d)(1) and (2) mirrors existing language at subsections 201B-4(a)(1) and (2), HRS, which allows HTA's board to withhold the same types of information from its public meetings. However, we maintain that the authority should be subject to the disclosure requirements in the Uniform Information Practices Act (UIPA, Chapter 92F, HRS), which provides exceptions to safeguard sensitive information. No special exceptions are needed as they may be used to obfuscate accountability and transparency. Our concern is that the proposed language in the bill could hinder public transparency if, for instance, it were interpreted broadly to include the HTA's tourism marketing plan (or brand management plan). Chapter 92F, HRS expresses at Section 2

that the State's policy is to conduct government business as openly as possible, promote disclosure in the public interest, provide complete government records, and enhance governmental accountability to access to government records.

Thank you again for the opportunity to testify in support of and provide comments on HB 1692,

HD 1. I am available to answer any questions you may have.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii tourism authority.org

Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. No. 1692, H.D.1
Relating to Tourism
House Committee on Finance
Tuesday, February 25, 2014
11:15 a.m.
Conference Room 308

The Hawaii Tourism Authority (HTA) strongly supports H.B. No. 1692, H.D.1, which has been amended to include HTA's housekeeping amendments and also makes amendments in response to the Legislative Auditor's 2013 report.

H.B. No. 1692, H.D.1, deletes redundant language relating to the moneys deposited into the Convention Center Enterprise Special Fund and HTA's authority to "manage, improve, and protect the natural environment and areas frequented by visitors.

H.B. No. 1692, H.D.1, responds to the findings of the Legislative Auditor, by deleting language from the old law relating to the Office of Tourism, which was incorporated into the law when HTA was established, and inserts language to direct HTA to focus on strengthening the Hawai'i brand by marketing and development of the product and experience through a brand management plan, which is to be a single, comprehensive document. The brand management plan includes the strategies for brand marketing, brand sustainability, and brand experience. The "Hawaii brand" is defined as "...the programs that collectively differentiate the Hawaii experience from other destinations."

Other amendments proposed in the bill restructure the law for clarity and to conform to the other changes made in the bill.

For these reasons, we strongly urge the passage of H.B. 1692, H.D.1.

Thank you for the opportunity to offer these comments.