
A BILL FOR AN ACT

RELATING TO ECONOMIC LEAKAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State's economy
2 is heavily dependent on the tourism industry. While there have
3 been a variety of attempts to diversify Hawaii's economy in
4 industries other than tourism, the tourism industry remains the
5 largest industry in the State. Due to the importance of tourism
6 to the State's economy, the legislature finds that it is crucial
7 for its members to have access to a breadth of information
8 relating to the tourism moneys that enter, and potentially
9 leave, the State.

10 The legislature further finds that economic leakage occurs
11 when revenue generated by an industry is not retained in the
12 State's economy, but instead, is lost to foreign economies.
13 Currently, the amount of the State's economic leakage in the
14 tourism industry is unknown. Certain foods, souvenirs, jewelry,
15 and other products imported to Hawaii for the purpose of
16 supporting the tourism industry are notable sources of economic
17 leakage in the State. However, some economic leakage is
18 unavoidable as certain products cannot be sourced locally.



1 Additionally, not all economic leakage is detrimental to the
2 State's economy as certain leakage in one industry may prompt
3 increased spending in other industries. Information identifying
4 linkages between the State's economic leakage in the tourism
5 industry and local non-tourism industries can help policy makers
6 develop strategies to strengthen and diversify the State's
7 economy.

8 The purpose of this Act is to require the department of
9 business, economic development, and tourism to prepare a report
10 that examines linkages between the State's tourism industry and
11 other local industries of the State for the purpose of reducing
12 economic leakage and improving the State's economic input-output
13 model.

14 SECTION 2. The department of business, economic
15 development, and tourism shall prepare a report examining
16 linkages between the State's tourism industry and other local
17 industries of the State for the purpose of reducing economic
18 leakage and improving the State's economic input-output model.

19 SECTION 3. The department of business, economic
20 development, and tourism shall submit a report of its findings
21 and recommendations, including any proposed legislation, to the



1 legislature no later than twenty days prior to the convening of
2 the regular session of 2017.

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2016-2017 for the
6 preparation of a report on the linkages between the State's
7 tourism industry and other local industries of the State for the
8 purpose of reducing economic leakage and improving the State's
9 economic input-output model.

10 The sum appropriated shall be expended by the department of
11 business, economic development, and tourism for the purposes of
12 this Act.

13 SECTION 5. This Act shall take effect on July 1, 2016.

Report Title:

Economic Leakage; Tourism; Industries; Report; Appropriation

Description:

Requires DBEDT to prepare a report examining the linkages between the State's tourism industry and other local industries of the State for the purpose of reducing economic leakage and improving the State's economic input-output model. Makes an appropriation. (SD1)

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