

Honolulu, Hawaii

FEBRUARY 18, 2016

RE: H.B. No. 2259  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2259, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC LEAKAGE,"

begs leave to report as follows:

The purpose of this measure is to ensure that the State receives the maximum benefits from its tourism industry by requiring the Department of Business, Economic Development, and Tourism to prepare a report that examines the severity of economic leakage, which is the revenue lost to foreign economies, in the State's tourism industry.

A concerned individual testified in support of this measure. The Department of Business, Economic Development, and Tourism provided comments.

Tourism is Hawaii's number one industry and the economic engine that drives the State's economy. Due to the importance of tourism to the State's economy, it is crucial for policy makers to have access to a breadth of information relating to the tourism monies that enter, and potentially leave, the State. Your Committee finds that information regarding tourism industry money entering and leaving the State is currently unknown and that access to this information is critical to the development of strategies to strengthen and diversify the State's economy.

However, your Committee also notes that simply reporting on the severity of economic leakage in the tourism industry, while



helpful, does not present an entire picture of the situation and its effect on other non-tourism industries statewide. Accordingly, your Committee has amended this measure by amending the scope of the report to require that the report examine 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.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

Should your Committee on Finance deliberate on this measure further, your Committee on Economic Development and Business respectfully requests that it consider appropriating \$200,000 for preparation of the report.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2259, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2259, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development & Business,



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DEREK S.K. KAWAKAMI, Chair



State of Hawaii  
House of Representatives  
The Twenty-eighth Legislature

HSUR 457-16

**Record of Votes of the Committee on Economic Development & Business**

Bill/Resolution No.: <b>HB 2259, HD1</b>	Committee Referral: <b>TOU, EDB, FIN</b>	Date: <b>Feb. 16, 2016</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom				✓
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DECOITE, Lynn	✓			
7. ITO, Ken	✓			
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane	✓			
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani				✓
14. WARD, Gene	✓			
<b>TOTAL (14)</b>	<b>12</b>			<b>2</b>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: small;">(Signature: Gene Ward)</div>				
Distribution: Original (White) – Committee            Duplicate (Yellow) – Chief Clerk's Office            Duplicate (Pink) – HMSO				