

Honolulu, Hawaii

MAR 2 1 2016

RE: H.B. No. 2259  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committees on Tourism and International Affairs and Economic Development, Environment, and Technology, to which was referred H.B. No. 2259, H.D. 2, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Business, Economic Development, and Tourism to prepare a report that examines linkages between the State's tourism industry and other local industries of the State to reduce economic leakage and improve the State's economic input-output model; and
- (2) Make an appropriation to the Department of Business, Economic Development, and Tourism to prepare the report.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism.

Your Committees find that economic leakage occurs when revenue generated by an industry is not retained in the State's economy but instead is lost to foreign economies. Currently, the amount of the State's economic leakage in the tourism industry is unknown. Certain foods, souvenirs, jewelry, and other products



imported to Hawaii for the purpose of supporting the tourism industry are notable sources of economic leakage in the State.

Your Committees further find that some economic leakage is unavoidable, as certain products cannot be sourced locally, and that not all economic leakage is detrimental to the State's economy, as leakage in one industry may prompt increased spending in other industries. Information identifying linkages between the State's economic leakage in the tourism industry and local non-tourism industries can help policy makers develop strategies to strengthen and diversify the State's economy.

Your Committees have amended this measure by changing the effective date to July 1, 2016.

As affirmed by the records of votes of the members of your Committees on Tourism and International Affairs and Economic Development, Environment, and Technology that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2259, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2259, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Tourism and  
International Affairs and  
Economic Development,  
Environment, and Technology,



J. KALANI ENGLISH, Majority Leader



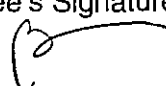
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GLENN WAKAI, Chair



The Senate  
 Twenty-Eighth Legislature  
 State of Hawaii

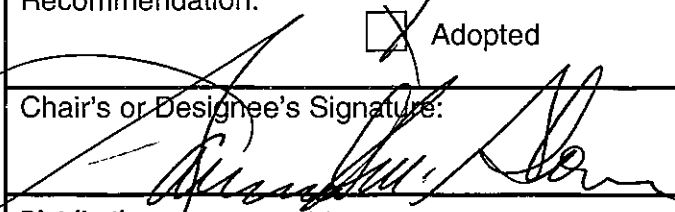
**Record of Votes**  
**Committee on Tourism and International Affairs**  
**TSI**

Bill / Resolution No.:* <i>HB 2259 HD2</i>	Committee Referral: <i>TSI/EET, WAM</i>	Date: <i>16 MAR 16</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
ENGLISH, J. Kalani (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, Josh	✓			
KAHELE, Kaiali'i	✓			
KIM, Donna Mercado				✓
TOKUDA, Jill N.				✓
SLOM, Sam	✓			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes

The Senate  
 Twenty-Eighth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Economic Development, Environment, and Technology**  
**EET**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2259 HD2	TU1/EET, WAM	3/16/16		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.				X
ESPERO, Will	X			
GALUTERIA, Brickwood	X			
IHARA, Jr., Les	X			
KEITH-AGARAN, Gilbert S.C.	X			X
RUDERMAN, Russell E.	<del>X</del>			X
THIELEN, Laura H.				X
<b>TOTAL</b>	5	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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