



Statement of  
**George D. Szigeti**  
Chief Executive Officer  
Hawai'i Tourism Authority  
on  
**SB1084 SD2 Relating to the Hawai'i Tourism Authority**  
House Committee on Tourism  
Tuesday, March 14, 2017  
9:30 a.m.  
Conference Room 429

Chair Onishi, Vice Chair Tokioka, and Members of the Committees:

The Hawai'i Tourism Authority ("HTA") offers the following **testimony opposing** SB1084 SD2, which would amend HTA's authorizing statute, HRS Chapter 201B, by making executive meeting minutes available to any legislator upon request, requiring disclosure after execution of market plans and strategies, requiring HTA to submit an unredacted report to the chairs of the legislative committees on tourism and finance regarding detailed and sensitive budgetary and contract information, directing that gubernatorial appointments to the Board of Directors ("Board") be made within 90 days of receiving the list of applicable names, repealing HTA's exemption from the procurement code, requiring Board approval of all HTA expenditures over \$50,000 and requiring HTA to establish an advisory group that meets monthly.

While HTA opposes SB1084 in its entirety, three features of the bill are particularly troubling. Specifically, the bill would impair HTA's efforts to market Hawai'i as a premier visitor destination by (a) repealing HTA's exemption from the procurement code, (b) necessitating Board approval of all HTA expenditures over \$50,000 and (c) mandating that HTA establish an advisory group that meets monthly. In addition to these points, HTA reiterates its ongoing concerns about protecting the confidentiality of proprietary and other sensitive information.

Repealing HTA's exemption from the Procurement Code and authorizing HTA to adopt superseding public procurement rules pursuant to HRS Chapter 91 would undo an essential organizational feature that has existed since HTA's creation in 1998. On a daily basis, HTA approaches partners or is approached by partners to explore and implement cooperative marketing partnerships, new airline routes, research opportunities and community projects that support HTA's mission. Often, the partnerships are unique to the organizations involved. HTA's unique role as a market participant requires the flexibility to negotiate outside of a competitive selection process. Requiring HTA to subject every agreement and contract to the competitive bidding procedures in the Procurement Code would have a chilling effect on its ability to represent the State. When possible, as it is for many contracts, HTA already follows a request for proposal process, even though this practice is not required.

Necessitating Board approval of all HTA expenditures over \$50,000 would negatively affect HTA's ability to act quickly on new tourism marketing initiatives and contradict the legislature's

previous direction that HTA streamline its operations and instill a more business-like atmosphere in the boardroom. HTA negotiates hundreds of contracts each year. SB1084 would impede the State's ability to process those contracts by forcing HTA's volunteer board to spend significant time reviewing HTA's day-to-day operations. As a result, the board would spend less time on guiding the state's tourism marketing strategy. The board was created to be a policy-making body. In that capacity, the board has authorized the staff to execute contracts, subject to board review and approval of contracts valued at more than \$250,000. The board's policy appropriately balances the various considerations.

Mandating that HTA establish an advisory group of other State department leaders and requiring the group to meet monthly would create needless bureaucracy. HRS Chapter 201B allows HTA to convene an advisory group when necessary. HTA's staff members meet and contract with other departments. Creating a mandatory advisory group would duplicate those efforts and burden the leaders of other state department. A prior attempt to have monthly meetings was abandoned several years ago in favor of more direct engagement because of the time constraints that monthly meetings placed on various departments and the need to streamline operations.

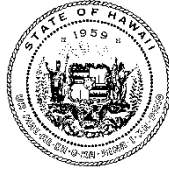
With respect to the disclosure requirements in the bill, HTA continues to emphasize the importance of maintaining the confidentiality of information that is shared with legislators. HTA is particularly concerned about its executive session minutes. To preserve the confidentiality of the meeting minutes, HTA requests that the legislature consider adding the following language at page 4, line 16, which relates to HRS § 201B-4(a): "The governor and members of the legislature shall not disclose the executive meeting minutes to the public." The legislature is an important partner with HTA as we work to build Hawai'i's business and competitive advantage. When HTA acts in the marketplace on behalf of Hawai'i or otherwise works to position Hawai'i as a premier visitor destination, it is critical that strategic, propriety and other sensitive information be kept confidential.

HTA has no comment on the deadline for the Governor to appoint Board members, other than to clarify that such appointments are up to the Governor, or the expansion of HTA's current reporting requirements to include an additional year of budgeting of actual and planned expenditures and the disclosure of those reports to the chairs of the legislative committees on tourism and finance.

HTA and the Board take their duties to Hawai'i seriously. We welcome feedback on our decision-making processes. We want engage the legislature in a discussion of how we can increase access to information and assure the legislature that we are acting in Hawai'i's best interests. Maintaining and growing the State's competitive advantage over other destinations is our ultimate shared goal.

Mahalo for the opportunity to offer this testimony in opposition.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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Honolulu, Hawaii 96810-0119  
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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
LEGISLATIVE MANAGEMENT  
March 14, 2017 9:30 A.M.

SB 1084 SD 2

RELATING TO HAWAII TOURISM AUTHORITY

Chair Onishi, Vice-Chair Tokioka, and members of the committee, thank you for the opportunity to submit testimony on SB 1084 SD 2.

The SPO offers comments on part of this bill, specifically:

*Section 5, page 9, lines 20-21 and page 10, lines 1-2 requiring the HTA to revert to the Procurement Code, but follow their own rules.*

The Procurement Code should be adopted completely to include Statute and Rules or not at all. A hybrid of the two will cause confusion on the part of businesses wanting to work with the State and will erode both the base existence of the Procurement Code as well as sending a message that adopting the Procurement Code is a punishment. This would send a negative message to those many Departments and Agencies who work very hard every day to be in compliance with this same Code.

Therefore, the SPO recommends that should the Legislature choose to require HTA to adopt the Procurement Code, that HTA should be given its own CPO Jurisdiction authority.

Thank you.

Dear Chair Onishi and committee members,

**SB1084** is a bad bill for the future of Hawaii's tourism industry.

Most notably, HTA's exemption from the State Procurement Code would be repealed. This exemption was put into place in 1998 so that the State, through HTA, could function effectively within the global tourism marketplace and compete with other destinations on a level playing field.

If this exemption is repealed, HTA's tourism marketing efforts will slow to a crawl and every proposal and negotiated agreement that HTA wants to capitalize on will be subject to a lengthy bid process. HTA's ability to enter discussions, negotiate terms and secure contracts with outside parties (e.g., new routes to serve Hawaii, L.A. Clippers marketing partnership, etc.) for the benefit of showcasing Hawaii will be effectively lost. In addition, all contract awards will be subject to protest, potentially delaying further any enactment of marketing and research agreements to support Hawaii tourism, until this time-consuming process is completed.

It's important to remember that HTA must already follow statutes and strict rules in the awarding of contracts and marketing agreements. In addition, HTA is subject to a mandatory State audit every five years of its operations and financial reporting. As such, there are already a defined set of guidelines in place to protect how the public's money is being utilized. Repealing the exemption from the State Procurement Code does nothing more than make it harder for the State to support Hawaii's leading industry.

**SB1084** also seeks to mandate that HTA's volunteer board of directors must review and approve all contracts of more than \$50,000. Already, HTA's board must approve all contracts of \$250,000 or larger. Legislation that forces the board to lower its threshold to \$50,000 would significantly increase the number of contracts that would have to come under its review, which would take a substantial amount of time away from the board's primary purpose to set policy guiding tourism's future for the State. Such a requirement would also contradict an existing statute that already mandates the board to be a policy-making body and authorizes HTA's staff to execute contracts. In addition, HTA's ability to take advantage of new marketing initiatives would be compromised, which would again put the State at a competitive disadvantage to other global destinations.

**SB1084** is requiring HTA to establish an advisory committee that would hold mandatory monthly meetings and be comprised of the directors of DBEDT, DLNR, DOT and other State agencies. In our opinion, this advisory committee is unnecessary. HTA's staff is already in regular communication with the staff members of these other State departments. It's also worth noting that the concept of an advisory committee was tried once before many years ago and was eventually disbanded because members were unable to attend on a consistent basis, due to the time constraints needed to address their own areas of responsibility.

Thank you for your consideration.

L. Richard Fried, Jr.  
841 Bishop Street, Suite 600  
Honolulu, HI 96813  
Tel: 808-524-1433  
Email: rfried@croninfried.com

# OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII  
NO. 1 CAPITOL DISTRICT BUILDING  
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HONOLULU, HAWAII 96813  
TELEPHONE: 808-586-1400 FAX: 808-586-1412  
EMAIL: oip@hawaii.gov

To: House Committee on Tourism

From: Cheryl Kakazu Park, Director

Date: March 14, 2017, 9:30 a.m.  
State Capitol, Conference Room 429

Re: Testimony on S.B. No. 1084, S.D. 2  
Relating to the Hawaii Tourism Authority

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Thank you for the opportunity to submit testimony on this bill, which, among other things, would amend HRS Section 201B-4(a), a provision that currently **allows** the Hawaii Tourism Authority (“HTA”) Board to disclose information relating to marketing plans after their execution, to instead **require** the HTA Board to disclose such information. Additionally, this bill proposes to **require the HTA board to provide minutes of its closed meetings to any legislator upon request**. Moreover, this bill proposes to **require the HTA to submit an unredacted report of its detailed annual budget to the Governor and specified members of the Legislature**, along with a redacted version removing any confidential information, which could be released to the public. OIP provides the following comments.

Chapter 92F, the Uniform Information Practices Act (UIPA), provides in section 92F-12(b)(2) that a government record that is **authorized** by law to be disclosed is therefore also **required** by law to be disclosed. Thus, **the UIPA would require, upon request, disclosure of marketing plans and strategies after their execution**. However, as the permissive language in HTA’s statute may have

led the HTA Board to believe it was **not** required to disclose such information, the **proposed amendment will serve a useful purpose by clarifying that such disclosure is in fact required**.

Additionally, the UIPA allows the HTA to share information with other government agencies, including the Legislature. Section 92F-19(a)(6), HRS. This bill would mandate that the HTA provide an unredacted copy of its detailed budget information to the Governor, House Speaker, Senate President, and the chairs of the legislative committees with primary jurisdiction over tourism and financial oversight. To prevent the disclosure of “competitively sensitive information,” however, the bill requires the recipients of the unredacted report to not disclose it to the public, while also requiring the HTA to contemporaneously provide an additional report that has redacted confidential information and may be disclosed to the public. **OIP believes that this provision appropriately balances the need for proper governmental and public oversight with protection of competitively sensitive information** that could otherwise harm Hawaii’s tourism interests.

Finally, the Sunshine Law, at section 92-5, HRS, generally allows boards to go into executive meetings closed to the public for certain specified reasons. HRS 201B-4 provides HTA’s board with additional specific reasons to go into executive meetings in order to protect certain confidential information. The bill proposes to **require HTA to provide minutes of its closed meetings to “any legislator” upon request**, which could serve as a check on potential abuses of the closed meeting provisions, thereby allowing members of the public concerned about possible abuses to go through their legislators as an alternative to appealing to OIP or filing a court action under the Sunshine Law. **Legislators, however, must be careful to protect any confidential data that they may receive, as they will**

House Committee on Tourism  
March 14, 2017  
Page 3 of 3

**be under the same duty as HTA employees and board members to keep confidential matters from public disclosure.**

OIP takes no position on the other provisions of the bill. Thank you for considering OIP's testimony.



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IslandAir.com

March 13, 2017

Senator Glenn Wakai  
Hawaii State Senate  
Kahili-Salt Lake-Foster Village  
Hawaii State Capitol, Room 216  
415 South Beretania Street  
Honolulu, Hawaii 96813

Senator Wakai,

I am in support of Senate Bill 1084 and the checks and balances needed to instill HTA's accountability and transparency which it owes to the legislator, our community and the industry. I support the following:

1. Mandates the Governor pick a nominee to the HTA Board within 90 days of getting names.
2. Requires Executive Session minutes be available to any legislator upon request.
3. Requires budget numbers be given to lawmakers.
4. Requires expenditures over \$50,000 be approved by the board.
5. Requires HTA come up with rules for expenditures within a year or their procurement exemption is taken away.
6. Requires the creation of an advisory group with other government agencies.

Your involvement and oversight in this matter is greatly appreciated.

Sincerely,

David H. Uchiyama  
President and CEO  
Island Air





March 14, 2017

Rep. Richard Onishi  
Committee on Tourism  
State Capitol  
Honolulu, HI 96813

Re: Senate Bill 1084, HD2

Chairman Onishi and Committee Members:

We support SB 1084 as a means to make the Hawaii Tourism Authority accountable for the taxpayers' funds it spends, but we propose alternative wording. Lawmakers, the media and the public have found it difficult to get basic information out of the agency.

The agency apparently is overreaching on its application of the Sunshine Law exemption granted in 2010 to the point that the Honolulu Star-Advertiser could not get specific budgetary information for past sporting events HTA has sponsored, even though the law requires that such information be released on events already held.

We believe, however, that the public meetings exemption should be specific and not as broad as proposed. We ask that you consider:

(2) Information that is necessary to protect Hawaii's competitive advantage as a visitor destination; [~~provided that information relating to marketing plans and strategies may be disclosed after the execution of the marketing plans and strategies,~~]

the board may enter into an executive meeting that is closed to the public in accordance with the procedures provided for holding an executive meeting under part I of chapter 92 on marketing plans and strategies [-]; provided that information relating to those plans and strategies shall be disclosed after their execution; provided further that executive meeting minutes shall be made available upon request to any legislator.

We believe this would keep the agency from withholding public information such as budget details. If the Legislature finds that the agency requires some protection for the so-called business interests or competitive advantage, then it should draft the exemption very narrowly to give specific examples of

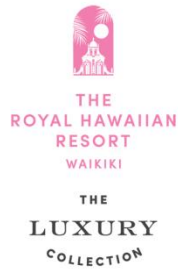
information that HTA could withhold, as was suggested by the Office of Information Practices when the 2010 law was passed.

We thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Stirling Morita". The signature is fluid and cursive, with a large initial "S" and "M".

Stirling Morita  
President, Hawaii Chapter SPJ



March 13, 2017

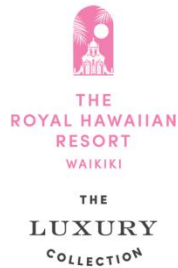
House Tourism Committee  
Hawaii State Capitol  
Conference Room 429  
415 South Beretania Street  
Honolulu, HI 96813

Dear House Tourism Committee:

I am writing to urge you to oppose the Senate Bill 1084 SD2. As the General Manager of The Royal Hawaiian, a Luxury Collection Resort and devoted supporter for Hawaii's tourism industry, I feel that the Senate Bill 1084 SD2 would be a damaging bill for the future of Hawaii's tourism industry.

In 1998, HTA was included into the State Procurement Code so that the State, through HTA, could function effectively within the global tourism marketplace and compete with other destinations on the same level. In Senate Bill 1084 SD2, HTA's exemption from the State Procurement Code would be repealed and if this exemption is repealed, HTA's tourism marketing efforts would be affected as every proposal and negotiated agreement that HTA wants to capitalize on would be subject to a lengthy bid process. HTA's ability to enter discussions, negotiate terms and secure contracts with outside parties for the benefit of showcasing Hawaii will be effectively lost. In addition, all contract awards will be subject to protest, potentially delaying further any enactment of marketing and research agreements to support Hawaii tourism, until this time-consuming process is completed. Additionally, HTA is subject to a mandatory State audit every five years of its operations and financial reporting. As such, there are already a defined set of guidelines in place to protect how the public's money is being utilized. Repealing the exemption from the State Procurement Code does nothing more than make it harder for the State to support Hawaii's tourism industry.

Senate Bill 1084 SD2 seeks to mandate that HTA's volunteer board of directors' review and approve all contracts of more than \$50,000. Currently, HTA's board must approve all contracts of \$250,000 or greater. Legislation that forces the board to lower its threshold to \$50,000 would significantly increase the number of contracts that would have to come under



its review, which would take a substantial amount of time away from the board's primary purpose to set policy guiding tourism's future for our State. Such a requirement would also contradict an existing statute that already mandates the board to be a policy-making body and authorizes HTA's staff to execute contracts. HTA's ability to take advantage of new marketing initiatives would be compromised, which would again put the State at a competitive disadvantage to other global destinations.

Senate Bill 1084 SD2 is requiring HTA to establish an advisory committee that would hold mandatory monthly meetings and be comprised of the directors of DBEDT, DLNR, DOT and other State agencies. In my opinion, this advisory committee is unnecessary. HTA's staff is already in regular communication with the staff members of these other State departments. It is worth noting that the concept of an advisory committee was tried once before and was eventually disbanded because members were unable to attend on a consistent basis, due to the time constraints needed to address their own areas of responsibility.

Finally, Senate Bill 1084 SD2 seeks to change the process for appointing board members, limiting the amount of time the Governor has to appoint a new member, or having that responsibility be automatically transferred to the Senate President or Speaker of the House. I do believe that the HTA board should consist of more tourism industry experts and do appreciate this responsibility of the Governor.

Thank you for the opportunity to hear my concern and I urge you to oppose the Senate Bill 1084 SD2 to protect the success of our Hawaii's tourism industry.

Sincerely,

Cheryl Williams  
General Manager  
The Royal Hawaiian

**LATE**

**TESTIMONY OF JERRY GIBSON  
AREA VICE PRESIDENT, HILTON HAWAII  
March 13, 2017  
RE: SB1084 Relating to Hawaii Tourism Authority**

My name is Jerry Gibson and I am the area vice president, Hawaii region, for Hilton. I am testifying on behalf of the Hilton properties across the state.

We opposed SB1084 specifically for the barriers that it puts on HTA and its board to carry out their mission.

To require the board to approve all contracts of more than \$50,000 would increase the time spent on contract approvals and reduce the time that the board needs to execute its primary purpose of setting policy for Hawaii's number one industry. It would hinder and delay HTA's staff in its ability to execute contracts in a timely manner, putting Hawaii in a competitive disadvantage with other global destinations.

We also feel strongly that the exemption from the State Procurement Code must be maintained. If every proposal and every agreement that HTA wants to enter into must be put out to bid, we would certainly lose out on many opportunities. Marketing a state is not the same as building a hotel. HTA needs to be allowed to be nimble, to be able to negotiate and turn a proposal into reality. A lengthy bid process will do nothing to help our industry flourish.

Within the SB1084 are provisions for more transparency for HTA, which I do agree with. However, unless the above barriers that I've mentioned are eliminated or reduced, I cannot support the bill. Please consider an amendment to this bill.

Jerry Gibson  
Area Vice President  
Hilton



**HAWAIIAN**  
HOTELS & RESORTS

**LATE**

March 13, 2017

Aloha,

On behalf of Hawaiian Hotels & Resorts, I would like to express our strong opposition for the proposed Senate Bill 1084.

SB 1084 is a bad Bill for the future of Hawaii's Tourism industry. We believe that the HTA is well managed in its current form and that this proposed Bill will place onerous new requirements onto HTA. It is a highly competitive effort to attract tourists to choose Hawaii as their travel destination over so many other destinations in the world. These other Resort Destinations aggressively compete for these same tourists and we cannot overburden the effective efforts of HTA with cumbersome, additional Government regulations and oversight.

The HTA needs to be well funded and nimble for it to successfully market Hawaii as the Destination of choice. The current rules and regulations on the HTA, its Executives and its Board of Directors already provide plenty enough oversight on this important agency. We respectfully ask you to take our feedback to heart and not pass SB 1084.

Please feel free to contact me at 808-270-9783 or [tom@hawaiianhotels.com](mailto:tom@hawaiianhotels.com) with any further questions.

Sincerely,

Tom Bell  
President  
Hawaiian Hotels & Resorts

**ROYAL LAHAINA**  
RESORT

**LAHAINA INN**  
EST. 1988

**ROYAL KONA**  
RESORT

The Twenty-Ninth Legislature  
Regular Session of 2017

**LATE**

THE HOUSE OF REPRESENTATIVES  
Committee on Tourism

Representative Richard H.K. Onishi, Chair

Representative James Kunane Tokioka, Vice Chair

State Capitol, Conference Room 429

Tuesday, March 14, 2017; 9:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1084 SD 2  
RELATING TO THE HAWAII TOURISM AUTHORITY**

The ILWU Local 142 opposes S.B. 1084 SD 2, which requires the governor to appoint six Hawaii tourism authority board of directors' members within ninety days of receiving lists of nominees from the president of the senate and the speaker of the house of representatives. Further, the bill requires the president of the senate and the speaker of the house of representatives to appoint those members if the vacancy continues after ninety days. The bill also requires that executive meeting minutes be available to any legislator upon request.

S.B. 1084 SD 2 requires that information relating to market plans and strategies discussed at executive session be disclosed after the execution of the market plans and strategies. It also requires the Hawaii tourism authority to report at least twenty days prior to the convening of each regular session of the legislature, summary descriptions and planned and actual expenditures of contracts and agreements entered into by the authority and a detailed annual budget for the authority for a two-year period covering the current and immediately preceding fiscal years to the governor, speaker of the house of representatives, President of the senate, and chairs of legislative committees with primary jurisdictions over tourism or financial oversight.

S.B. 1084 SD 2 also requires that authority expenditures of over \$50,000 be approved by the board of directors, and repeals the authority's exemption from chapter 103D. The bill further requires the authority to apply rules pursuant to chapter 103D or create their own rules pursuant to chapter 91 that would supersede the rules of chapter 103D for competitive bidding for certain contracts. Finally, the bill requires the authority to establish an advisory group that meets monthly.

The media has recently reported on the current success of the tourism industry especially in total revenues. The industry clearly remains the backbone of our economy, and the Hawaii Tourism Authority has played a role in helping to maintain the health of the industry.

Some of the requirements of S.B. 1084 SD 2 could possibly have negative impacts on tourism. First, the removal of the exemption from the procurement code could slow down processes

that could prevent the authority from responding as quickly to changes that occur within the industry. Although the procurement code does have its merits, the authority's exemption has been in place since 1998, and the repeal of the exemption could delay the response time of the authority.

The Hawaii Tourism Authority must already follow statutes and rules in awarding contracts and marketing agreements, and is also subject to a mandatory State audit every five years to report on its operations and financials. Adding review of all contracts of at least \$50,000 to the Board's duties, when currently the board is required to review contracts of \$250,000 or more, may not be the most efficient way to provide better oversight for the staff. Also, requiring a monthly meeting to meet with representatives from various agencies with board members, may be duplicative or unnecessary.

There may be alternatives to this bill, that would allow the legislature greater and more effective oversight of the Hawaii Tourism Authority.

The ILWU respectfully urges that S.B. 1084 SD 2 be held. Thank you for the opportunity to share our views on this matter.



March 13, 2017

**LATE**

To: **COMMITTEE ON TOURISM**  
Rep. Richard Onishi, Chair  
Rep. James Tokioka Vice Chair

Re: **SB1084 SD2 — HAWAII TOURISM AUTHORITY — hearing on Tuesday, March 14, 2017**

***STRONG SUPPORT***

Aloha Chair Onishi, Vice Chair Tokioka and members of your committee,

I remember well the creation of the Hawaii Tourism Authority and the spirit of partnership between government and the private sector that prevailed. Those of us in the tourism business recognized clearly the profound duty we had to conduct business for an entire state's worth of stakeholders, and input from legislators was typically positive and always welcome.

This robust relationship has frayed in recent years. To some degree the deterioration is invited and furthered in the absence of transparency, which this legislation seeks to address. Fresh air is the antidote to a host of problems, and I strongly encourage you to let some of it flow in now, hoping that it will refresh and bolster one of our state's most significant collaborations.

Mahalo nui loa.

Aloha,



Peter Gellatly  
President



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**PO Box 88022 • Honolulu, HI 96830**



**HAWAI'I LODGING & TOURISM**  
**ASSOCIATION**

**LATE**

Testimony of

Mufi Hannemann  
President & CEO  
Hawai'i Lodging & Tourism Association

Committee on Tourism

Senate Bill 1084 SD2: Relating to the Hawai'i Tourism Authority

Chair Onishi, Vice Chair Tokioka, and members of the committee, mahalo for the opportunity to offer this testimony on behalf of the more than 700 members of the Hawai'i Lodging & Tourism Association.

We support Senate Bill 1084 SD2, which would encourage open meetings, reporting, and board appointment requirements for the Hawai'i Tourism Authority among other things.

The Hawai'i Tourism Authority is an important and vital contributor to, and supporter of, the state's top industry. Since its inception, the HTA has been the state's largest single source of public funding for marketing and promotion, and in so doing, has helped to diversify and sustain the industry. The authority is an invaluable partner in ensuring the remarkable success of tourism, which has enjoyed five consecutive years of record growth.

However, the Hawai'i Tourism Authority's internal governance practices, which has come under fire by key legislators and industry stakeholders, point to a need for more openness and transparency in the administration of a public agency dispensing public money and greater accountability. Senate Bill 1084 seeks to ensure that the HTA's executive session marketing plans and strategies are properly disclosed after execution. It further seeks to give legislators more oversight into spending by the agency by requiring timely reports on its budget and expenditures, and establishes a timely appointment of the authority's board of directors.

We do not necessarily agree with all the amendments made in the bills SD2 as there are strong arguments to be made in keeping the procurement exemptions. The main point being that there could be implications of hindering HTA's ability to execute marketing efforts in a timely manner. And if the sunshine exemption is to be retained, there should be greater assurances that HTA exercise it in a much more judicious manner than has been done presently.

Most importantly, we still strongly support provisions offered in the original measure and the SD1 which set the 90-day parameter given to the executive office for board appointment and the further stipulation that would default the appointment to the Senate President and Speaker of the House if the time limit is not met. We would like to recommend however that Section 201B of the Hawaii Revised Statutes highly emphasize that at least six of the 12 members of the HTA board of directors have substantive visitor industry experience, provided there are no conflicts of interest. We believe that direct industry input, through representatives on the authority board, will provide the experience and insight necessary in crafting our tourism strategies, offer stronger oversight and management of the HTA staff and consultants, and find other means of strengthening the state's number one industry.

The argument has been proffered that since HTA is a voluntary board it would be difficult to find individuals with the aforementioned credentials who would be willing to spend the time and serve without just compensation. We beg to differ, we know that these types of individuals exist who have much to offer in working to ensure that our hospitality industry is one of the best in the world.

Mahalo for the opportunity to testify.