

DAVID Y. IGE
GOVERNOR OF
HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Tuesday, April 3, 2018
10:00 AM
State Capitol, Conference Room 211**

**In consideration of
HOUSE BILL 2010, HOUSE DRAFT 1, SENATE DRAFT 1
RELATING TO TOURISM**

House Bill 2010, House Draft 1, Senate Draft 1 proposes to: (1) Rename the Convention Center Enterprise Special Fund as the Convention Center Operations and Maintenance Special Fund, repeal the allocation of the Transient Accommodation Tax (TAT) revenues to that fund, amend the allowable uses of that fund, and adds a cap to the amount of moneys deposited into the fund; (2) Define administrative expenses as used in Section 201B-11(c), Hawaii Revised Statutes (HRS), as office equipment, salaries, and supplies; (3) Cap the amount of money from the Tourism Special Fund that can be used for research and sports marketing expenses; (4) Redistribute TAT revenue from the Hawaii Tourism Authority to different state agencies for certain purposes; and (5) Authorize the Department of Budget and Finance to cancel the reimbursement general obligation bond deb relating to the Convention Center that is owed by the Hawaii Tourism Authority. **The Department of Land and Natural Resources' (Department) testimony is limited to paragraph 9 of Section 237D-6.5(b), HRS, in SECTION 3 of the measure which the Department supports provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget request.**

The Department maintains strong support for measures that recognize the need to allocate revenue derived from the robust visitor industry toward offsetting associated impacts to natural and cultural resources and the divisions and programs that manage and must mitigate these impacts.

The funds applied would offset the direct impacts of the tourism industry on specific Department programs, divisions, resources and infrastructure that is increasing the need for enforcement,

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
FIRST DEPUTY

JEFFREY T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

contracted lifeguards, parks management, trail maintenance, ocean recreation safety programs, and aquatic resources protection.

Thank you for the opportunity to comment on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, April 3, 2018

10:00 AM

State Capitol, Conference Room 211

in consideration of

HB2010, HD1, SD1

RELATING TO TOURISM.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **opposes** HB2010, HD1, SD1, on Part 1 of the SD1, which would redistribute the transient accommodations tax (TAT) revenues from the Hawaii Tourism Authority (HTA) to different state agencies.

DBEDT's mission is to support Hawaii's economy, therefore DBEDT has strong concerns about the reduction of funding from HTA's visitor marketing funds.

There is an untested assumption underlying this proposed redistribution of visitor marketing funds: that Hawaii's share of the global tourism expenditures will remain at the same level with less marketing dollars. If that proves to be wrong, many of Hawaii's small local businesses that rely on visitors may lose business.

The TAT has become an important source of revenue for the General Fund and programs, such as education, that depend on the General Fund for support. A number of bills are being considered that increase TAT revenues. The potential additional revenue will be jeopardized, if the number of visitors decreases with substantially less marketing dollars.

We appreciate the need for additional funds for maintenance of State parks, and the important needs of other departments, including DBEDT's other programs. However, this substantial reduction of the visitor marketing funds could have negative impacts on Hawaii's economy and the State budget.

Thank you for the opportunity to provide these comments.



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

David Y. Ige
Governor

George D. Szigeti
President and Chief Executive Officer

Statement of
George D. Szigeti
Chief Executive Officer
Hawai'i Tourism Authority

on

HB2010 HD1 SD1
Relating to Tourism

Senate Committee on Ways and Means
Tuesday, April 3, 2018
10:00 a.m.
Conference Room 211

Chair Wakai, Vice-Chair Taniguchi and Committee Members:

The Hawai'i Tourism Authority (HTA) offers the following testimony in **strong opposition to HB2010 HD1 SD1**, which would reduce Transient Accommodations Tax (TAT) revenues to the Tourism Special Fund (TSF) by \$21.7 million, rename and repurpose the Convention Center Enterprise Special Fund (CCESF), eliminate TAT funding to the CCESF, add a number of earmarks within the TSF, allocate an unspecified amount of TAT revenues to various State agencies and departments, eliminate the Tourism Emergency Special Fund for unforeseen catastrophes, among other things. This bill would also permit the Department of Budget and Finance to cancel the general obligation bond debt relating to the Hawai'i Convention Center.

Reducing the TSF would cripple HTA's ability to fulfill its statutory duties as outlined in HRS Chapter 201B. In 1998, the Legislature created HTA to operate as a State agency within the tourism industry to manage Hawai'i as a visitor destination comprehensively. HTA's mandate has not changed. If the TSF is reduced as proposed and the other portions of this bill are implemented, HTA will not be able to fulfill its responsibilities to the State.

The proposed definition of administrative expenses that SD1 would add to HRS § 201B-11 would further impede HTA's ability to perform its statutory duties and responsibilities and require HTA to eliminate nine staff positions.

Preventing HTA from fulfilling its statutory mandate will harm the State. Every dollar allocated to HTA through the TSF, whether spent marketing Hawai'i as a destination, developing programs and activities that reinvest in our communities and places, or supporting important programs for residents and visitors, benefits the State's economy. A direct relationship exists between the number of visitors booking transient accommodations and TAT revenues, which are generated by nights spent in transient accommodations. Last year, Hawai'i's visitor industry

supported 204,000 jobs and brought \$1.96 billion in tax revenue to the State. Over the past five years, TAT collections grew from \$395.2 million in FY2014 to \$508.38 million in FY2017. Those gains were made in large part because Hawai'i has invested in its brand and has reinvested in the people, place and culture that make our destination unique. Diverting funds from the TSF will prevent HTA from maintaining the same level of investment in our State's brand and reinvestment in the programs that enhance the visitor experience and ultimately harm our State.

HTA supports apportioning additional monies to various State departments and agencies from TAT revenues. We agree that additional funds should be allocated to address visitor impacts on our State's infrastructure, natural resources, safety and security, and workforce development. We believe that it is critical to maintain the TSF at its current level so that we can continue to support TAT collections to fund other important state initiatives. After existing TAT allocations were made in 2017, \$292.4 million of TAT revenues were returned to the State's general fund. Using a fraction of the increased TAT revenues to address visitor impacts would ensure provide for our State without precipitating an inevitable decline in TAT revenues.

Mahalo for the opportunity to offer this testimony.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
April 3, 2018 at 10:00 a.m.

By
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i System

HB 2010 HD1 SD1 – RELATING TO TOURISM

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

Thank you for the opportunity to submit testimony on HB 2010 HD1 SD1. This bill renames the convention center enterprise special fund as the convention center operations and maintenance special fund, repeals the allocation of TAT revenues to that fund, amends the allowable uses of that fund, and caps the amount of moneys deposited into the fund. It also redistributes transient accommodations tax revenue from the Hawai'i Tourism Authority to different State agencies, including the University of Hawai'i (UH).

The UH appreciates the bill's authors' recognition that the University is a major contributor in promoting Hawai'i in the areas of education, educational exchange, athletics, intellectual property, etc. While the University would appreciate and could use additional funding, we are also very cognizant about limited State funding resources for all agencies.

Thank you for the opportunity to testify on HB 2010 HD1 SD1.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: TRANSIENT ACCOMMODATIONS, Redistribute Funds

BILL NUMBER: HB 2010 HD-1, SD-1

INTRODUCED BY: Senate Committee on Economic Development, Tourism, and Technology

EXECUTIVE SUMMARY: Forgives the debt owed to the State by the Hawaii Tourism Authority for the convention center construction costs and related interest, which is okay because the bond debt has been paid off and the State's right hand is now paying its left.

After amendment by this bill, the section of the Transient Accommodations Tax Law dealing with earmarks covers 11 pages and looks like an appropriations bill. Earmarks to the TAT clearly have gotten out of hand. This needs to go through the appropriations process.

SYNOPSIS: Part I amends section 201B-8, HRS, to rename the convention center enterprise special fund as the convention center operations and maintenance special fund. The TAT earmark that feeds it is taken away, and the bill provides that any money over \$6 million in it will go to the general fund. Salaries for convention center personnel are to be paid out of this fund.

Amends section 201B-11, HRS, to put caps on the tourism special fund:

- \$2.8 million for administrative expenses, defined to be office equipment, salaries, and supplies.
- \$49.2 million for marketing expenses.
- \$2.5 million for research expenses.
- \$5.8 million for sports marketing expenses.

Amends section 237D-6.5, HRS, to change the TAT earmarks to:

1. \$1.5 million to Turtle Bay conservation easement special fund (same as before)
2. [Deleted \$26.5 million earmark to convention center enterprise special fund]
3. \$60.3 million to the tourism special fund (down from \$82 million)
4. \$103 million to the counties (same as before)
5. \$3 million to the special land and development fund (same as before, except that the monies need not be expended in accordance with the HTA strategic plan)
6. \$16.5 million to DBEDT (new)
7. \$3.5 million to DOE, which is required to administer a grant program to allow schools to apply for grants related to hospitality and tourism industry (new)
8. \$7.891 million to the University of Hawaii for programs relating to a hospitality and tourism industry career pathway
9. \$3 million to University of Hawaii athletics, for student athlete travel

10. \$9.6 million to DLNR to address the impact of tourism on the natural resources of the State and to support efforts to manage, improve, and protect Hawaii's natural environment and areas frequented by tourists
11. \$8 million to the counties (\$2 million per county) to ensure the safety of visitors to county parks and beaches
12. \$8 million on grants to include but not be limited to Hawaiian cultural initiatives, product development, community programs, and tourism-related grants

Part II makes conforming amendments.

Part III allows the Department of Budget and Finance to cancel the debt owed to the State by the Hawaii Tourism Authority, approximately \$176.8 million.

EFFECTIVE DATE: July 1, 2018.

STAFF COMMENTS: As with any earmarking of revenues, the legislature will be preapproving each of the initiatives fed by the tax earmark, so expenses from the funds largely avoid legislative scrutiny, and the effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether too little or too much revenue has been diverted from other priorities in the state budget.

If the legislature deems the programs and purposes funded by this special fund to be a high priority, then it should maintain the accountability for these funds by appropriating the funds as it does with other programs. Earmarking revenues merely absolves elected officials from setting priorities. If the money were appropriated, lawmakers would have to evaluate the real or actual needs of each program.

In this bill the above problem is especially acute. The earmarking section of the TAT law, as amended by the bill, is over 11 pages long, going into deep detail when it comes to allocating money to DLNR. The directions now contained in the earmarking section should be made into appropriations and provisos in the general appropriations bill.

Digested 3/29/2018

HB-2010-SD-1

Submitted on: 3/28/2018 8:55:01 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Scott Foster	Testifying for Hawaii Advocates For Consumer Rights AND The Kupuna Caucus of The Democratic Party of Hawaii	Support	No

Comments:



April 2, 2018

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Senate Ways and Means Committee
Hawaii State Legislature

Dear Senator Dela Cruz, Senator Keith-Agaran and Members of the Ways and Means Committee,

Testimony in Opposition to HB2010 HD1 SD1

The Kohala Coast Resort Association (KCRA) opposes HB2010 HD1 SD1, which makes significant cuts to the Hawaii Tourism Authority (HTA). While we understand that there may be areas requiring greater scrutiny and transparency, as noted by the findings of the recent audit, we believe that Hawaii Tourism Authority's efforts as the state's lead agency for tourism are incredibly important and should continue unimpeded.

We further believe that the work of HTA's contractors, including the Island of Hawaii Visitors Bureau (IHVB), is **essential**. There has been a strong push to grow the visitor industry statewide by focusing on the neighbor islands. With the return of international flights to Kona in December 2016, we are just beginning to see the fruits of those labors. The KCRA, in partnership with IHVB, HTA, Hawaii Tourism Japan, and wholesalers from across Japan launched a new Kohala Coast Shopping and Dining Shuttle this week to move visitors coming to our island on a group tour, throughout the Kohala Coast. That project would never have come to fruition without the relationships, reputations and trust of all the partners. However, the inability to plan for the future because of insecurity about budgets and funding undermines that trust.

We appreciate that the Hawaii State Legislature is trying to address the impacts of a record number of visitors to our state, and applaud the proposed investment of additional resources into the University of Hawaii system (for tourism workforce development), Department of Land and Natural Resources (for maintenance and upgrades to our parks, trails and beaches for the enjoyment of residents and visitors), and to all four counties (for upgrades and maintenance of county parks facilities). However, we do not believe that those funds should come from HTA's budget. From 2007 to 2017, the amount of transient accommodations taxes (TAT) in the state's general fund grew from \$7.8 million to \$330 million, due in large part to the efforts of HTA, its contractors and its partners. If additional resources are needed to address important maintenance and education goals, then they should come out of the state's 60% share of the TAT.

KCRA is a collection of master-planned resorts and hotels situated north of the airport which represents more than 3,500 hotel accommodations and an equal number of resort residential units. This is approximately 35 percent of the accommodations available on the Island of Hawaii. KCRA member properties annually pay more than \$20 million in TAT and \$20 million in GET.

We strongly encourage your opposition to this measure.

Sincerely,

A handwritten signature in black ink that reads "Stephanie P. Donoho". The signature is written in a cursive, flowing style.

Stephanie Donoho
Administrative Director



JTB HAWAII, INC.

HONOLULU

313 PINE STREET
HONOLULU HAWAII 96817
TEL (808) 397-5000
FAX (808) 926-9200

April 2, 2018

The Honorable Senator Donovan Dela Cruz
Chair and members of the Senate Committee on Ways and Means

To: Sir and Madam:

SUBJECT: Oppose Bill HB2010 SD1 that Harms Hawaii's Tourism Future

It is of great concern that JTB Hawaii, Inc. and its affiliated companies * expresses its opposition to HB 2010 SD1.

The Hawaii Tourism Authority (HTA) is a vital and integral partner in marketing Hawaii's tourism industry. The proposed reduction in funding for HTA (by more than 25%) will significantly impact the marketing of Hawaii as a global destination. As we are aware, tourism is Hawaii's number 1 economic and employment driver. As such, we must continue to foster and promote Hawaii as an attractive and inviting destination. There are many other global destinations where visitors can choose and spend their discretionary funds. Therefore we need to protect and increase Hawaii's share of the visitors' monies.

Your consideration in opposing HB2010 SD1 is most appreciated.

Respectfully submitted,

Tsukasa Harufuku
President and CEO

*JTB Hawaii Travel, LLC
JTB Global Travel Service, LLC
Travel Plaza Transportation, LLC
Tachibana Enterprises, LLC
MC&A Inc.
JTB USA, Inc.



April 1, 2018

Mr./Ms. Onishi, Cachola, Cullen, Evans, Fukumoto, Ito, Luke, Morikawa and Saiki
The Hawaii State Legislature

RE: Opposition to HB2010 SD1 – Relating to Tourism

Dear Legislators:

My name is Jon Gelman and I am president of Hawaii Marine Animal Response (Hawaii Marine Mammal Alliance). We are Hawaii's largest non-profit organization engaged in programs to support the stewardship, protection and recovery of Hawaii's endangered and threatened marine species. I am writing in **OPPOSITION to HB2010 SD1**.

The stewardship, protection and recovery of Hawaii's endangered and threatened marine species such as the Hawaiian monk seal, Green turtle, Hawksbill turtle and other species is of critical importance. These animals have a special place in the culture, history and future of Hawaii and taking steps to protect these species is critical.

Our organization has been the recipient of critical funding from the Hawaii Tourism Authority (HTA) to continue our programs to aid these important marine species – programs that ultimately help Hawaii, its citizens and the natural resources of the islands. HTA is currently the ONLY source of State funding for non-profit community programs such as ours, which support our natural resources and protected marine species.

One of the effects of HB2010 SD1 will be a significant reduction in funding for HTA. This will have the downstream effect of a reduction in available funds for HTA to apply to critical programs such as ours. Animals such as the Hawaiian monk seal, one of the rarest marine mammals on earth, rely on funds such as these for these animals to be protected and saved.

Therefore, we stand in **STRONG OPPOSITION to HB2010 SD1**.

We thank you for the opportunity to provide our testimony.

Sincerely,

Jon Gelman
President
Hawaii Marine Animal Response



OmniTrak Group Inc.

The Research-Based Marketing Professionals in the Pacific Rim

April 2, 2018

HB 2010 SD1 – RELATING TO TOURISM

Thank you for the opportunity to submit testimony regarding HB 2010 SD1.

While we understand the desire to reallocate Transient Accommodation Tax (TAT) revenue toward the maintenance of State parks and the important needs of other State agencies, we are concerned that the substantial reduction in visitor marketing funds could negatively impact Hawaii's economy and the State budget.

Curtailing TAT revenue to HTA from \$82 million to \$60.3 million could potentially reduce marketing efforts in Hawaii's core U.S. and Japan markets, and shrink or completely suspend all efforts in the state's developing international markets.

Travel and tourism like any industry is cyclical. With the World Travel & Tourism Council predicting a slowdown in global travel and tourism growth in 2018 due to rising oil prices, competition in the marketplace can be expected to heat up.

As a small business which provides research and consulting services to a diversity of Hawai'i businesses impacted directly and indirectly by the state's visitor industry, the OmniTrak Group is concerned with the potential negative impact of a significant reduction in HTA marketing efforts, and believes the Authority must have adequate and flexible funding to compete in the dynamic and increasingly competitive global marketplace.

Thank you for the opportunity to comment on this measure.

Mahalo and best regards,

A handwritten signature in blue ink, appearing to read "Christopher Kam", with a long horizontal flourish extending to the right.

Christopher Kam
President
OmniTrak Group Inc.

HB-2010-SD-1

Submitted on: 3/31/2018 6:08:31 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Faye	Testifying for Hui o Laka	Oppose	No

Comments:

HB-2010-SD-1

Submitted on: 4/1/2018 9:54:03 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mei Ling Isaacs	Testifying for Ahahui Malama I Ka Lokahi	Oppose	No

Comments:

Testimony in Opposition to HB2010 HD1 SD1

"A BILL FOR AN ACT RELATING TO TOURISM,"

Hawaii Tourism Authority;
Convention Center
Operations and Maintenance
Special Fund; TAT; Debt (\$)

Description:

Renames the Convention Center Enterprise Special Fund as the Convention Center Operations and Maintenance Special Fund, repeals the allocation of transient accommodations tax revenues to that fund, amends the allowable uses of that fund, and adds a cap to the amount of moneys deposited into the fund. Defines administrative expenses as used in section 201B-11(c), HRS, as office equipment, salaries, and supplies. Caps the amount of money from the Tourism Special Fund that can be used for research and sports marketing expenses. Redistributes transient accommodations tax revenue from the Hawaii Tourism Authority to different state agencies for certain purposes. Authorizes the Department of Budget and Finance to cancel the reimbursable general obligation bond debt relating to the Convention Center that is owed by the Hawaii Tourism Authority. (SD1)

Companion:

[SB2901](#)

Package:

None

Current Referral:

ETT, WAM

ONISHI, CACHOLA, CULLEN, EVANS, FUKUMOTO, ITO,
LUKE, MORIKAWA, SAIKI

Introducer(s):

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair

Senator Gilbert S.C. Keith-Agaran, Vice Chair

Tuesday April 3, 2018, 10:00AM, Conference Room 211

Testimony in Opposition to HB2010 HD1 SD1

Ahahui Malama I Ka Lokahi, (AML) a 501 C -3, is in opposition to HB2010 SD1 as it will:

1. Severely hamper Hawai'i's tourism marketing
2. Eliminate HTA's funding for product enrichment programs
3. Seriously harm Hawai'i's Tourism future
4. Unravels the mission and purpose of the Hawai'i Tourism Authority.

HTA plays an important marketing and training role for AML as it learns to open and extend its reach into the visitor industry maximizing marketing strategies to not only the Hawaiian community but to visitors alike so that we can all enjoy the magnificence of Kawainui as well as contribute to maintaining this precious historical resource.

AML's mission is to Practice, Promote, and Perpetuate a modern conservation ethic. AML is supported by thousands of community volunteers who work at Kawainui Marsh, the largest wetland in Hawai'i. These community volunteers help remove invasive alien plants, maintain trails, and plant native species.

AML is funded by a loyal body of individual donors from Hawai'i and from around the world including: Castle Foundation, Atherton Foundation, the Office of Hawaiian Affairs, and for the first time the Hawai'i Tourism Authority will make it possible for AML to hire a part time field coordinator. Our unprecedented conservation and restoration (environmental and cultural) efforts at Kawainui Marsh helped to gain recognition as a RAMSAR Global Heritage Site.

Now native birds have a protected home located on three islets constructed by community volunteers for the benefit of these vulnerable native birds where they can safely mate, build nests, lay eggs, and raise their young. A wide swath of Kawainui now has a successful growth of high canopy native trees, scrubs, and ground cover. Among the thousands of community volunteers are students of all grade levels from the Department of Education and private schools on Oahu who come every year to work and study at Kawainui.

In order to sustain our large volunteer base and raise the funds needed to complete the unrelenting tasks of removing invasives, planting native plants, maintaining pathways and trails at Kawainui Marsh, we must be able to successfully market our work for which HTA is a vital link between AML and the general public locally and the global audience.

Malama 'Aina,

C. Lehuakona Isaacs (Should you need confirmation please call me at (808) 386-2034, or email: plaikea@hawaii.rr.com)

Name: C. Lehuakona Isaacs

Title: President

Organization: 'Ahahui MÄ• Iama I Ka LÄ• kahi

Website: www.ahahui.net

HB-2010-SD-1

Submitted on: 4/2/2018 9:13:48 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
STEVEN WOOD SCHMADER	Testifying for International Festivals & Events Association	Oppose	No

Comments:

Dear Committee Members:

I have been following your proposed bill HB2010 SD1 and its potential consequences on the broad and focused efforts to promote and sustain the critical impact of tourism on your unique and beautiful state. I recognize that you are likely inundated with communications regurgitating the verbiage from the many documents that are created by such a process and, thus, may tend to set them aside as something you have already heard or read. I would like to share a different viewpoint to hopefully add to your considerations as you move forward.

From my own position in the tourism industry, representing the unique power of festivals and events around the world to impact and enhance the brand, experience, quality of life and both economic and social returns on cities, states, provinces, territories, regions and countries, I have the opportunity to work with and see many examples (both good and bad) of government and agency approaches to this important resource. From that experience I can share with you that the model you have created in Hawai'i, through the focused efforts of the Hawai'i Tourism Authority (HTA), and the important support of your Transient Accommodation Tax (TAT) program, is one that many others aspire to and would love to emulate.

It is this focused effort, by a single agency, that your success has grown from. Having experienced many diverse approaches, I have seen firsthand the difference in returns and the divisiveness/confusion in delivery (not to mention the needless departmental battles for fund allocations) that occurs when that focus is spread across multiple fronts, none of whom see themselves as the primary provider or voice for the cause (in this case, tourism). More so than any other of the 50 U.S. states, all of whom understand the power and returns of tourism, Hawai'i's dependency on visitors, driven by your unique culture, facilities, festivals and events, and location, should never be risked for the sake of an effort (that I will assume is driven by best intentions for efficiency and transparency, and not political retribution) that would be far better achieved through proper leadership and definition of common strategic expectations. To change or dismantle what has been built over the course of two decades, by many passionate

individuals (much deeper than simply executive level appointments) would be a mistake that could have far longer-lasting and negative consequences.

As an organization and industry that sees itself as a partner to Hawai'i and wishes only the best for the state and all that our professional peers have worked so hard to achieve there, I encourage you to oppose HB2010 SD1 and focus, instead, on maintaining (repairing if seen as needed) and furthering the important and envied model that you are fortunate to have in the HTA.

Mahalo for your time and serious consideration of the impact your decisions will have.

Best regards,

Steven Wood Schmader, CFEE

President & CEO

International Festivals & Events Association (IFEA)

World Headquarters

"The Premier Association Supporting and Enabling Festival & Event Professionals Worldwide"

Web Site: www.ifea.com

208-433-0950 Ext. 818

schmader@ifea.com

HB-2010-SD-1

Submitted on: 4/2/2018 9:29:07 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Becky Lind	Testifying for Hana Arts	Oppose	No

Comments:

Aloha,

I am submitting this testimony to oppose the cuts for the HTA. The programs that this organization has provided for this state are vital to economic development and a thriving tourism industry. Please reconsider these cuts.

Mahalo,

Becky Lind
Executive Director
Hana Arts
808.248.7569

HB-2010-SD-1

Submitted on: 4/1/2018 2:48:11 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
diane cross	Individual	Oppose	No

Comments:

I vehemently oppose HB2010 SD1. It would be a disastrous step backward for the economy and the people of Hawaii. It would damage the perpetuation of Hawaiian culture, workforce education, and absolutely raise unemployment. Do you not recognize the damage this will do to this and future generations? The adverse effects will spread across all sectors.

PLEASE VOTE NO ON HB2010 SD1!

HB-2010-SD-1

Submitted on: 3/30/2018 10:28:09 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jeanine Acia	Individual	Oppose	No

Comments:

I am against any bill that will have could have an impact on our vital tourism economy.

HB-2010-SD-1

Submitted on: 3/30/2018 10:33:55 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Karen Rose	Individual	Oppose	No

Comments:

I strongly oppose HB2010

Karen Rose

HB-2010-SD-1

Submitted on: 3/29/2018 8:25:18 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Franz Weber	Individual	Oppose	No

Comments:

This bill would be detrimental to many services that HTA provides, through VASH. It would directly affect the visitors industry and the main income source for Hawaii

HB-2010-SD-1

Submitted on: 3/30/2018 11:10:43 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Rachelle Hennings	Individual	Oppose	No

Comments:

HB-2010-SD-1

Submitted on: 3/29/2018 10:14:18 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lee Lord	Individual	Oppose	No

Comments:

I oppose the passing of this Bill.

Passing this Bill will have negative impacts:

Hawaii (HTA) will be forced to make major funding cutbacks to all of its programs that support Hawaii's tourism industry.

HTA will be forced to reduce its funding to support marketing by the Island Chapter Bureaus

HTA will be forced to reduce or eliminate its funding of product enrichment programs statewide. This includes programs supporting community festivals, preserving the environment, perpetuating Hawaiian Culture, supporting safety and security, and promoting workforce education.

Mahalo

HB-2010-SD-1

Submitted on: 3/31/2018 12:25:05 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Gordon	Individual	Support	No

Comments:

Please Support HB 2010 HD1 SD1 especially Section 237D-6.5 (b) (B) (3), with allocating more of the TAT to the Islands. To obtain more revenue, Hawaii Island is considering a proposed increase in the GET. This is a very regressive tax that would hit ALL income levels. It is much better to have a higher percentage of the TAT.

Consideration should also be given to increasing the Island allocations of the TAT to the percent amounts prior to the Recession.

HB-2010-SD-1

Submitted on: 3/31/2018 11:18:54 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kuuipo Kumukahi	Individual	Oppose	No

Comments:

HB-2010-SD-1

Submitted on: 3/31/2018 12:19:03 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
erik kloninger	Individual	Oppose	No

Comments:

April 3, 2018

Aloha,

My name is Erik Kloninger. I am writing to oppose HB2010SD1. I am a lifelong Hawai'i resident, and work in tourism research and analysis. (Full disclosure: my company Kloninger & Sims Consulting does research work for the Hawai'i Tourism Authority, conducting the annual Visitor Plant Inventory and an quarterly survey of the Hawai'i timeshare industry.) I also do work for a variety of private sector clients.

While I support the areas where the bill would redirect TAT dollars, such as supporting DLNR and county parks, I do not believe that reducing HTA's budget is the best way to achieve this. The destination marketing that HTA oversees through its contractors is vital to the continued strength of Hawai'i's #1 industry. Hawai'i faces stiff global competition for leisure travelers, many of them situated closer to our key feeder markets than we are. Sustained marketing in each of our feeder markets keeps Hawai'i top of mind.

HTA receives about \$100 million from TAT collections. This leaves about \$400 million per year of TAT money. Additional support for DLNR, county parks and UH sports teams should come out of the remaining \$400 million, not HTA's share.

Mahalo,

Erik Kloninger

2211 Mohala Way

Honolulu, HI 96822

HB-2010-SD-1

Submitted on: 4/1/2018 5:43:10 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Georgina Webb	Individual	Oppose	No

Comments:

The bill to cut HTA's funding will have a detrimental impact not only on the tourism industry but also on the local community. The work the HTA does celebrates the wonderful traditions and culture of the islands of Hawaii, from which locals and tourists benefit. Economically, limiting the funding for Hawaii's marketing agency will handcuff their ability to entice tourists and compete against other holiday destinations, resulting in less income to the state.

HB-2010-SD-1

Submitted on: 4/2/2018 9:28:41 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Suzanne Skjold	Individual	Support	No

Comments:

Aloha Senator Dela Cruz, Senator Keith-Agaran, and members of WAM committee:

I am writing to strongly support HB2010 SD1 and the reallocation of funding for Hawaii Tourism Authority (HTA) for several reasons. With all the concerns our State is facing, I was sickened when I read of the abuses and waste of funding that have taken place over years at HTA. **This bill to reallocate HTA funding can help to address the growing environmental, housing, and quality of life problems, and also send a strong signal from you as our State's leaders that such waste and lack of accountability will not be tolerated.**

As a resident, it is very clear that tourism numbers are far too high right now. We do not need to spend funds to promote more visitors above what is already unsustainable. I strongly support the State in this move to use TAT funds to protect the environment, help with specific county needs, and better support our educational institutions in Hawaii. **The visible destruction of trails, reefs, and beaches** that has happened for decades, but especially in the last 5 years, is shocking, and the last thing the state needs to do is spend our limited dollars to add more tourism and let these problems continue to grow.

There is a reasonable and more sustainable limit to tourism that can keep economic benefit without destroying the islands, and is certainly far under 10 million annual visitors. I ask our leaders to call for an independent study to decide what this figure is and create policies to reach that.

No matter the level, right now, **far less state money should go towards increasing tourism when the islands are already overburdened**, and we should not be paying for so many luxury 'work trips' costing tens of thousands of dollars when we have pressing concerns stemming from this unsustainable level of tourism.

One place I see that HTA has benefitted the state's residents is in its support for local festivals and quality cultural events. I urge you to consider re-allocating some TAT funds to continue supporting the Festivals, along with the important environmental and maintenance allocations you propose in HB 2010 SD1.

I strongly support HB2010 and the lawmakers who proposed and support this bill, and appreciate your action and courage in making this needed change to re-direct TAT funds to meet real needs in the state. Mahalo nui loa for your consideration and vote for HB2010 SD1.