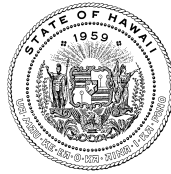


DAVID Y. IGE
GOVERNOR

LATE



LAUREL A. JOHNSTON
DIRECTOR

KEN N. KITAMURA
ACTING DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 2010, H.D. 1, S.D. 1

April 3, 2018
10:00 a.m.
Room 211

RELATING TO TOURISM

House Bill (H.B.) No. 2010, H.D. 1, S.D. 1: renames the Convention Center Enterprise Special Fund to the Convention Center Operations and Maintenance Special Fund (CCOMS); repeals the allocation of Transient Accommodations Tax (TAT) revenues to the CCOMSF; amends the allowable uses of the CCOMSF; redistributes TAT revenues from the Hawaii Tourism Authority (HTA) to different State agencies for certain purposes; and cancels the HTA debt relating to the Convention Center (CC).

The Department of Budget and Finance (B&F) provided \$348,372,942 of reimbursable General Obligation (G.O.) bond proceeds to fund the construction of the Hawaii CC. The department subsequently entered into a repayment agreement with the CC Authority as the Legislature authorized the use of reimbursable G.O. bonds for the funding of the CC which required the CC Authority, and subsequently the HTA, to reimburse B&F for the debt service paid on the reimbursable G.O. bonds. In 2001, the repayment agreement was restructured with the HTA to lower the annual payment amounts to approximately \$26,400,000 per year and extend the final payment from

2017 to 2025. In 2011, the repayment agreement was again restructured to address a statutory oversight which extended the final payment to 2027.

To ensure timely payment of our G.O. bond debt service payments, the department requests and budgets for the State's gross G.O. debt service payments, which includes debt service related to reimbursable G.O. bonds. The reimbursement of the debt service paid by departments or agencies, such as the HTA, is then projected and accounted for as non-tax revenues. Current HTA payments average about \$20,000,000 per year, resulting in a \$6,000,000 general fund loss per year, which is accounted for in the General Fund Financial Plan.

With respect to this measure, B&F has concerns that canceling the HTA debt and earmarking TAT revenues as indicated in S.D. 1, will result in an additional \$28,299,554 general fund loss, which is not accounted for in the General Fund Financial Plan.

Also, clarification is needed in Part I, Section 1, as to when moneys in excess of \$6,000,000 in the CCOMSF are to be deposited into the general fund.

Finally, we request that the language in Part III, Section 10, be amended to state that "The Department of Budget and Finance shall cancel the reimbursable general obligation bond debt . . ."

Thank you for your consideration of our comments.

MAUNA KEA RESORT

April 2, 2018

LATE

Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran
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

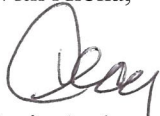
I am writing on behalf of Mauna Kea Resort on Hawaii Island in opposition to HB2010 HD1 SD1, which makes significant cuts to the Hawaii Tourism Authority (HTA). While we understand that there may be areas requiring greater scrutiny and transparency, as noted by the findings of the recent audit, we believe 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. This week a collaborative effort between HTA, IHVB, KCRA, Hawaii Tourism Japan, and wholesalers from across Japan launched a new Kohala Coast Shopping and Dining Shuttle 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.

Mahalo for your time and consideration and we urge you to vote "no" on HB2010 HD1 SD1 and preserve funding for the Hawaii Tourism Authority.

With Aloha,


Craig Anderson
Vice President of Operations
Mauna Kea Resort



HAPUNA BEACH PRINCE HOTEL
62-100 Kauna'oa Drive, Kohala Coast, Hawaii 96743
Telephone 808.880.1111 Fax 808.880.3142

 Prince
Hotels & Resorts

www.PrinceResortsHawaii.com



MAUNA KEA
RESORT
62-100 Mauna Kea Beach Drive, Kohala Coast, Hawaii 96743
Telephone 808.882.7222 Fax 808.882.5700



LATE

April 3, 2018

**TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS & MEANS
ON HOUSE BILL 2010 HD1 SD1 RELATING TO TOURISM**

Thank you Chair Dela Cruz and committee members. I am Gareth Sakakida Managing Director of the Hawaii Transportation Association (HTA) with about 400 members involved with the commercial ground transportation industry.

HTA has concerns with this measure as it relates to tourism marketing. While it is difficult to ascertain marketing's impact on demand it is accepted that its' continued effort is desirable.

Having that continuous effort makes it easier to confront, and ramp up for, inevitable periods of demand losses. Certainly there are external events (i.e. 911) we do not control that can seriously impact our industry. In such times, what we can control becomes most important.

Hawaii has so many disadvantages to other destination markets (e.g. cost, location, etc.) that continuous exposure via marketing weighs heavily.

The dependence we have on the visitor industry warrants everyone's efforts in this respect. The Hawaii Tourism Authority does have the lead in our marketing efforts so naturally funding cuts generates concerns for the entire industry.

We do understand there are some concerns based on the Auditor's report on the Authority. Such points should not be brushed away, but it is also our understanding that many points have been, and are being, addressed.

Mahalo.

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 12:32:38 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Ryan Kadota	Testifying for Kadota Liquor	Oppose	No

Comments:

JHTA

JAPAN HAWAII TRAVEL Association

April 2, 2018

The Honorable Glenn Wakai, Chair
The Honorable Brian Taniguchi, Vice Chair
Members, Committee on Economic Development, Tourism, and Technology

LATE

RE: Comments in opposition to HB2010 SD1 Proposed, Relating to Tourism
Hearing: Senate Committee on Economic Development, Tourism and Technology;
Tuesday, April 3, 2018 at 10:00 a.m. in Room 211

The Japan Hawaii Travel Association (JHTA) is an organization with a membership comprised of over 50 Hawaii businesses, travel trade and government organizations, who for the past 47 years have promoted travel to Hawaii from Japan and promote the exchange of ideas and expertise through the relationship with the Japan Association of Travel Agents (JATA).

We appreciate this opportunity to submit testimony **opposing HB2010 SD1 proposed**, which proposes to cut HTA funding by approximately 44 percent or \$48.2 million dollars.

Since the mid 1980's until now, the Japan tourist market to Hawaii has significantly contributed to vastly improving Hawaii's economy and creating tens of thousands of jobs in the community. Currently, the Japanese visitor market brings over 1.5 billion dollars in annual spending to Hawaii and over 100 million dollars in tax revenue.

Over the past 30 plus years, the Japan tour and travel industry has worked very hard to build the market to what it is today. The Japanese government also recognizes our efforts and has identified Hawaii as one of the most important abroad travel destinations for Japanese tourists through the Japan government organization JATA.

Reducing the amount of funding for tourism promotion would be critically detrimental to the market and would result in a reduction of Japanese visitors to Hawaii and the market's associated funds coming into Hawaii. Because the Japanese tourism market is closely related to Japanese investment in Hawaii as well, it would also result in a significant drop in this area also in our opinion.

We oppose any reduction to tourism promotion funding and humbly ask you to not cut funding as proposed in HB2010 SD1.

Thank you for your consideration.

Sincerely,



Akio Hoshino
President

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 12:06:44 PM
Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Cheryl Lindley	Testifying for Maui Pops Orchestra	Oppose	No

Comments:

Over the years, Maui Pops Orchestra has greatly benefited from the support of the Community Enrichment Programs through the HTA. This funding has encouraged and enabled us to present high-quality live orchestral pops and Hawaiian music to the people of Maui and visitors from all over the world. For HTA to lose so much of its funding due to passage of this bill will surely impact our bottom line, as well as that of numerous other non-profits who currently receive CEP grants.

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 11:41:45 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Doug Sears	Testifying for Hyatt Regency Waikiki	Oppose	No

Comments:

The Twenty-Ninth Legislature
Regular Session of 2018

LATE

THE SENATE

Committee on Ways and Means

Senator Donovan M. Dela Cruz, Chair

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

State Capitol, Conference Room 211

Tuesday, April 3, 2018; 10:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON
H.B. 2010 H.D. 1 S.D. 1, RELATING TO TOURISM**

The ILWU Local 142 opposes H.B. 2010 H.D. 1 S.D. 1, which 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. It also 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 (HTA) to different state agencies for certain purposes; and 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 HTA.

We are concerned that this bill caps the funds available to run and maintain the Convention Center. Originally the Convention Center Authority (CCA) was responsible to build, maintain and run the Hawaii Convention Center as a separate responsibility, but the CCA was merged into the HTA. However, the needs of the facility are still distinct from the marketing responsibility of HTA and should not be considered as part of the “one pot” to feed the General Fund.

Moreover, it reduces and micromanages money for tourism promotion. The worthy goals and purposes that the Legislature has imposed on the HTA will now per H.B. 2010 H.D. 1 S.D. 1 diminish the funds available to HTA for its core function, which is to promote Hawaii to maintain strength in current markets and to develop new markets as certain sectors diminish naturally.

The ILWU urges the committee on Ways and Means to defer H.B. 2010 H.D. 1 S.D. 1. Thank you for the opportunity to share our views on this matter.

SKÅL
INTERNATIONAL
HAWAII

*A Local Committee of Skål
International
Professionals in Tourism*

Mailing Address

P.O.Box 240753
Honolulu, Hawaii 96824

LATE



April 2, 2018

Committee on Ways and Means

Testimony relative to HB 2010 HD 1 SD 1

Aloha Chair Dela Cruz and Vice Chair Keith-Aragan:

Thank you for the opportunity to submit testimony on HB 2010 HD 1, SD1 Relating to Tourism.

Skål is a professional organization of tourism leaders around the world, promoting global tourism and friendship.

Skål International Hawaii was established in 1952 and its members have been part of shaping tourism in the islands since it began.

Skal International Hawaii is opposed to this legislation and believe that eliminating funding for the Hawaii Convention Center and reducing funding for Hawaii Tourism Authority will have negative impacts on Hawaii's tourism industry.

The current seven year tourism surge is due in no small part to the efforts of the Hawai'i Tourism Authority and its professional staff who have succeeded in promoting our island state around the world.

Reducing funding will only serve to hamper those efforts and negatively impact both the financial health of the state and its workforce.

Skal International Hawai'i respectfully asks that your committee not advance this bill.

Mahalo

Phil Sammer, Treasurer and past president.

April 2, 2018

LATE

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

by

Russell Oki, RH Productions LLC

Regarding: Opposition to Bill #HB2010 SD1

Dear Senate Committee Members:

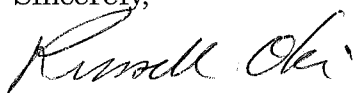
Thank you for this opportunity to offer testimony in opposition to Bill #HB2010 SD1. My name is Russell Oki; I have worked with and supported the Pan-Pacific Festival in Hawaii for over 35 years. The Festival is a part of the Hawaii Tourism Authority's (HTA's) Major Festivals program.

The HTA's efforts to manage continued growth of Hawaii's visitor industry have been very effective. They have improved Hawaii's attractiveness as a destination by reaching out to local communities in Hawaii to assist and support the development of events, programs and cultural festivals that successfully define and separate Hawaii from other travel destinations. These programs have helped travelers to connect with residents, ultimately resulting in friendships and travelers who continue to visit the state time and again.

The HTA's activities encourage major international travel agencies such as KNT-CT Holdings in Japan to allocate assets in Japan and Hawaii that support international celebrations like the Pan-Pacific Festival and promote travel to Hawaii. The Festival supports many local organizations and cultural performers.

Please do not hurt or hinder the HTA's efforts to support tourism by diverting funds from their programs to other purposes.

Sincerely,



Russell Oki

RH Productions LLC

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 1:46:35 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Carmelita Phillips	Testifying for KYD, Inc.	Oppose	No

Comments:

We strongly oppose Bill HB2010 SD1 because it will harm the tourism industry.

This will result in negative influence on all of Hawaii.

Thank you for the opportunity to submit this testimony opposing this bill.

Sincerely yours,

KYD, Inc.

By: Carmelita Phillips

Its Chief Financial Officer

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 4:44:03 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Jessica Lani Rich	Testifying for Visitor Aloha Society of Hawaii	Oppose	No

Comments:

Good morning Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means. Thank you for the opportunity to provide testimony in opposition to HB2010 SD1 Relating to Tourism.

My name is Jessica Lani Rich and I'm the President and CEO of the Visitor Aloha Society of Hawaii, a non-profit agency that assists visitors who are victims of a crime or other adversity. Our agency assists approximately 2,000 visitors every year and we are funded by the Hawaii Tourism Authority (HTA). As a result of our assistance, many visitors that we help return to Hawaii because of a pleasant experience that we provided.

The Visitor Aloha Society of Hawaii opposes HB2010 SD1 which reduces HTA's annual budget by \$48.2 million - a 44% drop in State funding. This is a regressive legislative measure that represents a major step backward for the future of Hawaii's tourism industry. If enacted, HB2010 SD1 will severely hamper Hawaii's tourism marketing and eliminate HTA's funding for product enrichment programs.

I urge your Committee not to pass this measure. Thank you for considering my testimony in opposition to HB2010 SD1.

**ABC STORES**

766 Pohukaina Street
Honolulu, Hawaii 96813-5391
www.abcstores.com

Telephone: (808) 591-2550
Fax: (808) 591-2039
E-mail: mail@abcstores.com

TESTIMONY
COMMITTEE ON WAYS AND MEANS
Senator Donovan Dela Cruz, Chair
Senator Gilbert Keith-Agaran, Vice Chair
Tuesday, April 3, 2018, 10:00a
Conference Room 211
State Capitol

LATE

To: Chair Dela Cruz, Vice Chair Keith-Agaran and Committee Members:

ABC STORES OPPOSES HB 2010 HD1 SD1, Rel to Tourism

My name is Paul Kosasa, President and CEO of ABC Stores, a local company doing business in Hawaii for over 60 years, with 58 stores statewide. ABC Stores employs over 1,700 employees Statewide, including Guam, Saipan, and Las Vegas.

ABC Stores fully supports the Hawaii Tourism Authority (HTA) in its quest to convince the Committee on Ways and Means on the negative impact this bill will have on tourism and how it will severely hamper Hawaii's tourism marketing and eliminate HTA's funding for product enrichment programs if passed.

Listed below are some of the consequences if this bill is passed:

- HTA's dedicated funding from the Transient Accommodations Tax (TAT) to market tourism for the Hawaiian Islands will be **cut by more than 25%, or nearly \$22 million**.
- HTA's dedicated TAT funding to support the Hawai'i Convention Center's operations and maintenance will be **eliminated completely**.
- Hawai'i tourism's safety net for unforeseen catastrophes, the Tourism Emergency Special Fund mandated by the legislature, **will be repealed and its funding eliminated**.
- HTA's total budget will be reduced to its lowest total since 2002.
- HB2010 SD1 will limit the State of Hawai'i's ability to effectively market the Hawaiian Islands as a travel destination and put the tourism industry at a competitive disadvantage to other destinations.
- HB2010 SD1 weakens HTA's ability to comprehensively manage tourism for the State of Hawai'i and adds layers of bureaucracy to the many programs it currently supports.

As a member of Hawaii's business and local community, I respectfully ask that you **OPPOSE** HB2010 HB1 SD1.

Thank you for the opportunity to submit testimony on this bill.


PAUL KOSASA
President & CEO

Travel Resort Retail



Maui Hotel & Lodging
ASSOCIATION

Testimony of

Lisa H. Paulson

Executive Director

Maui Hotel & Lodging Association

on

HB 2010 SD 1

Relating To Tourism

LATE

COMMITTEE ON WAYS AND MEANS

Tuesday, April 3, 2018, 10:00 am

Conference Room 211

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

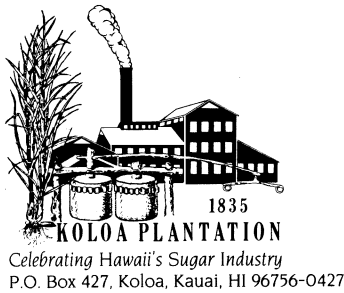
The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes 185 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 25,000 residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is **in opposition** of **HB 2010 SD 1**, which 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.

MHLA believes that HB2010 will severely impact HTA's dedicated funding from the Transient Accommodations Tax (TAT) to market tourism for the Hawaiian Islands that will be **cut by more than 25%, or nearly \$22 million**, therefore limiting the State of Hawai'i's ability to effectively market the Hawaiian Islands as a travel destination and put the tourism industry at a competitive disadvantage to other destinations.

Additionally, Maui County could be hit economically if HTA is forced to reduce its funding to support marketing by the Island Chapter Bureaus. Maui Visitor Bureau's marketing efforts ensure our economic engine remains protected. Thousands of residents who work in the hotels, restaurants, activities, attractions and retail depend on its ability to market Maui County as a vacation destination.

Thank you for the opportunity to testify.



LATE

April 2, 2018

Attn: Senate Ways & Means Committee Chair

Re: **HB2010 HD1 SD1 to be heard April 3, 10:00am Testimony in Opposition**

On behalf of Koloa Plantation Days, we submit testimony to request opposition of HB2010 SD1. In its current form, the measure would severely hamper product enrichment programs across the State as well as the state of Hawaii's tourism marketing.

The proposed \$22 Million in cuts to TAT allocations to the Hawaii Tourism Authority, will impact not only the HTA but also those organizations, businesses and non-profits across the State who are engaged in providing authentic, enriching experiences not only for visitors but also for our communities. We understand funding for many of these programs would be cut as a result.

Product enrichment programs, which include festivals and events across the State of Hawaii, as well as programs to perpetuate Hawaiian culture and share about natural resources, are treasured by both visitors and residents and should be preserved for generations to come.

Many such programs already are challenged to achieve sustainability in the face of rising costs and with these cuts, it is likely that some of Hawaii's beloved festivals and events could be lost, or entry fees raised to the point where the level of resident participation is restricted changing the experience altogether.

Hawaii's festivals and events supported through the Signature Events and Community Product Enrichment Programs make big impacts in the community and the local economy at the island and neighborhood level. Beyond their economic contributions, festivals like Koloa Plantation Days create treasured moments where visitors and residents come together and share a common experience around local culture and traditions.

While there are many competing needs for funding, eliminating product enrichment programs through a measure like this would detract from a focus on the quality of visitor interactions and a healthy relationship between visitor industry and community.

We would advocate for funding of Hawaii's product enrichment programs to continue, and to oppose **HB2010 HD1 SD1** in its current form.

Mahalo for the opportunity to provide testimony.

Sincerely,

Melissa McFerrin Warrack,
Event Committee Chair & Marketing Coordinator
Koloa Plantation Days
Email: mmcferri@yahoo.com Cell: 808-652-3217



WAIKĪKĪ IMPROVEMENT ASSOCIATION

Statement of **Rick Egged, President, Waikiki Improvement Association**

Before the Senate **COMMITTEE ON WAYS AND MEANS**

Tuesday, April 3, 2018. 10:00am, Conference Room 211

in consideration of

LATE

RE: HB 2010, HD1, SD1 RELATING TO TOURISM

Aloha Chair Dela Cruz, Vice Chair Keith-Agarn and members of the committee. I am Rick Egged testifying on behalf of the Waikīkī Improvement Association. WIA is a nonprofit organization representing 177 leading businesses and stakeholders in Waikīkī.

The Waikīkī Improvement Association encourages an open dialogue to discuss the effectiveness of HTA's directives prior to changes being made. Although the recent audit suggested areas the HTA must improve, HTA has for 20 years played a vital role in the success of Hawaii's tourism industry. In its current form, WIA opposes HB 2010, HD1, SD1 RELATING TO TOURISM as drastic alterations such as those suggested in this draft of the bill should not be enacted without sharing a thorough review of the results with the industry and the community.

Thank you for your consideration of our comments.

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 10:04:53 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Gregg Nelson	Testifying for Napili Kai Beach Resort	Oppose	No

Comments:

Dear Senate Ways and Means Chair and Committee members, I reside on Maui and will be unable to provide testimony on HB2010 HD1 SD1 in person so I am forwarding written testimony instead. I oppose this bill as I feel it negatively impacts HTA's ability to effectively promote and sell Hawaii. I am very concerned that this measure will hurt HTA's competitiveness in what is already very highly competitive national and international markets. I understand that funding being taken away in this bill is intended to go towards other visitor industry related efforts however I feel by dividing up HTA's funding, we are diluting the effectiveness and possibly even misdirecting the funding, not good at all.

Given the real potential we will experience a downturn in tourism in the next year or two, funding to HTA should not be reduced but rather expanded. I hope you will realize this fact and vote no on HB2010 HD1 SD1. Thank you for your consideration.

Gregg Nelson

General Manager

Napili Kai Beach Resort

Maui, Hawaii

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 12:13:21 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Meagan Finnegan	Testifying for Nielsen Sports America, LLC	Oppose	No

Comments:

I support the opposition of HB2010 SD1, as I understand the importance of Hawaii's tourism marketing & HTA's funding for product enrichment programs, as well as research/measurement programs. The relevance of this is critical to Hawaii's tourism industry & the only way the State can continue to grow/improve in the future.

The inflow of tourists & their spend while in Hawaii directly effects the State's economy, including overall sales generated & number of jobs supported. From a community standpoint, we have experience in working with both the HTA as well as other State/Government bodies to demonstrate the importance of measuring the overall impact various events have on local communities. Events/community enrichment programs generate several benefits for a State such as enhanced quality of life (excitement/satisfaction among residents with their hometown), civic pride, & impact on local economy.

Please re-consider this bill in support of Hawaii's Tourism Future.



Tuesday, April 3, 2018
10:00 AM
Conference Room 211
State Capitol
415 South Beretania Street

LATE

Dear Committee on Ways and Means, Senator Donovan Dela Cruz, Chair, and Senator Gilbert Keith-Agaran, Vice Chair,

The Oahu Economic Development Board opposes HB2010 SD1.

The foundation of Oahu Economic Development Board's methods, processes, and success are based on establishing, nurturing, and expanding relationships. This fundamental perspective builds steady economic opportunities and it is critical to evaluate continuously how we are managing the productivity of those relationships.

I was very present when Japan Airlines ceased their operations in Kona and it was a very difficult task to do, and also harder to return. Inquire with the leadership of JAL and you will find that the return was based on an apology and a promise, purely relationship based. This relationship and its' benefits to Hawaii can provide deep reflection and direction regarding HB2010 SD1. How does this proposal affect this partnership and resource for both Hawaii and Japan?

I offer that thoughtfully the action of passing HB2010 SB1 would support our competing market destinations and reduce the quality of our storytellers and their results world-wide because the sincere relationships fostered for decades would be reduced to transactions. Would we in Hawaii have the strength and tenacity to do what JAL did, apologize and promise? I imagine when it is done, it is done.

Please consider this personal approach for the vast landscape of the tourism ecosystem we currently depend on fiscally. Are they relationships we want to take for granted?
I hope not.

Mahalo for your attention.

Sincerely,

Pono Shim
President and CEO
Oahu Economic Development Board



Dillingham Transportation Building
735 Bishop Street, Suite 424, Honolulu, Hawaii 96813 • 808-521-3611
Fax: 808-536-2281 • www.oedb.biz



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Beau Oshiro, C&S Wholesale Grocers, *Chair*
John Erickson, Meadow Gold Dairies, *Immediate Past Chair*
Toby Taniguchi, KTA Superstores, *Vice Chair*
Lauren Zirbel, HFIA, *Executive Director*
Joe Carter, Coca-Cola Bottling of Hawaii, *Secretary / Treasurer*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
John Shilf, Rainbow Sales & Marketing, *Advisor*
Barry Taniguchi, KTA Superstores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*

TO:
Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair



FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Tuesday, April 3, 2018
TIME: 10:00am
PLACE: Conference Room 211

RE: SB2010 Relating to Tourism

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Tourism is essential to every business sector in Hawaii, including the grocery and food industries. The Hawaii Tourism Authority (HTA) works hard to keep our tourism industry healthy and growing and this bill would endanger the future of Hawaii's tourism industry. SB2010 would hamper the tourism market and eliminate HTA's funding for product enrichment programs, which is an important part of the work they do.

For the health of the Hawaii's tourism sector and the health and future of our economy as a whole we ask that this measure be held. Thank you for the opportunity to testify.

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 10:15:12 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Ralph Goto	Individual	Oppose	No

Comments:

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 10:25:43 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
David Pettinger	Individual	Oppose	No

Comments:

Aloha Chair Dela Cruz and members of the committee,

As a Hawaii citizen, taxpayer and manager in an organization with over 100 local employees that is driven in large part by the tourism industry, I stand firmly opposed to HB2010 HD1 SD1. Tourism is the #1 industry in the state and generates billions of dollars in tax revenue to support the quality of life of Hawaii residents like myself. Visitors who come to our island home to vacation or do business make it possible for us to achieve a modest quality of life given the high cost of living.

The Hawaii Tourism Authority deserves great credit for sustainably marketing the islands to ensure that our visitor base continues to grow. It is in part due to HTA's good work that our economy is humming and we are enjoying the lowest unemployment rate in the nation.

Dramatically reducing funding to HTA at this critical time is not only short-sighted, but can be dangerous, as the state of our economy is fragile. Resulting inevitable cuts to programs through HTA will have a broad negative impact on our community, businesses and the people of Hawaii.

Please do not pass this bill out of committee.

Sincerely,

David Pettinger

Aiea

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 10:28:51 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Lea	Individual	Oppose	No

Comments:

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 10:32:41 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Stan Greenbaum	Individual	Oppose	No

Comments:

HTA is essential and beneficial to the State of Hawaii's tourism industry that supports significant employment in the State of Hawaii.

1. Dedicated funding from the Transient Accommodations Tax (TAT) must not be reduced.
2. TAT funding to support the Hawai'i Convention Center operations and maintenance must remain in place;
3. Hawai'i tourism's safety net for unforeseen catastrophes, the Tourism Special Fund mandated by the legislature must remain in place;
4. HB2010 SD1 limits the State of Hawai'i's ability to effectively market the Hawaiian Islands as a travel destination and put the tourism industry at a competitive disadvantage to other destinations. This must not happen.
5. HB2010 SD1 weakens HTA's ability to comprehensively manage tourism for the State of Hawai'i and adds layers of bureaucracy to the many programs it currently supports. This would be unacceptable.

Consequences of HB2010 SD1

1. HTA will be forced to make major funding cutbacks to all of its programs in support of Hawai'i's tourism industry. This is unacceptable.
2. HTA will be forced to revisit its funding to promote Hawai'i in all a global markets. This is unacceptable.
3. HTA will be forced to reduce its funding of product enrichment programs. This is unacceptable.
4. HTA will be forced to reduce or eliminate its funding of product enrichment programs statewide. This includes programs supporting community festivals, preserving the environment. This is unacceptable.

Our Hawaiian communities needs the cultural supports that are provided through the HTA.

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 11:44:35 AM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Alaina Fukui	Individual	Oppose	No

Comments:

HB-2010-SD-1

Submitted on: 4/2/2018 12:08:04 PM

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

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
tom laidlaw	Individual	Oppose	No

Comments:

I am joining the more than 200,000 friends and colleagues that are employed because of the Tourism Industry and the Hawai'i Tourism Authority and other organizations in showing my strong opposition to HB2010 SD1.

HTA's funding and the important work it does is easily and justifiably accomodated by people visiting Hawaii and the \$2 billion TAT they pay. This is a regressive legislative measure that represents a major step backward for the future of Hawai'i's tourism industry, the hundreds of thousand of us that it employ and our families. If enacted, HB2010 SD1 will severely hamper Hawai'i's tourism marketing and eliminate HTA's funding for important programs.

I urge you to not pass this legislation.

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 12:30:16 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Ankersmit	Individual	Oppose	No

Comments:

I am strongly opposed to this bill. Why cut funding for our largest industry?

We need to continue to support this important state asset.

LATE

Testimony in opposition of HB2010, HD1, SD1, For April 2, 10:00 a.m. hearing

As I understand it, HTA's basic mission is to support Hawaii's economy. HB2010 SD1 proposes to reduce HTA's annual budget from \$108.5 million (not increased since 2016) to \$60.3 million, – a 44 percent drop in State funding. Any State Department receiving this large a cut would be in danger of performing its purpose.

This \$48.2 million reduction includes \$30 million from HTA's visitor marketing funds, based upon the assumption that Hawaii's share of the global tourism expenditures will remain at the same level with less marketing dollars, and that other State Departments need the money more.

As a Hawai'i citizen who experienced the chaos on January 13th of the Emergency Ballistic missile scare and the delayed all clear, I'm not so sure that our "image" as a wonderful destination place is secure. In fact, it made national and international news for days, with tourists on camera saying nobody knew where to go or what to do. This was reinforced by continuing media for weeks on how ill prepared we are.

I've seen on the news that the hotel industry and HTA are trying to beef up their training of staff to assure guests that it is safe to come to Hawai'i. However, there are many other global destinations tourists can choose from that do not include as part of their possible itinerary having to find shelter and stay in place for 14 days.

If President Trump does not have "successful" negotiations with North Korea, are we back to hearing monthly siren warning for Nuclear missile attacks? It seems like HTA will have an uphill battle should the rhetoric and potential of a missile strike continue.

And there are many other factors that can turn tourists off. The City Council is currently discussing how mobile vendors on the streets of Waikiki impact the visitor experience. One hotel owner testified that three long-time repeat customers have stated they are not coming back because of the hassle from these vendors. Moreover, how do we attract new visitors, not just those who use Air BnBs or illegal rentals? That's the job of HTA.

As an avid park user, I can appreciate the need for additional funds for maintenance of State parks, and the important needs of other departments, however, how do you know that this money being earmarked for each department will be used appropriately, since there are no specific line items with justifications.

Take the earmark for UH Athletics. I'm graduate of UH (with an MBA) and it's no secret that the UH Athletics department has been in deficit for years. The general public does not seem interested in coming to the football games and paying for admission. I go to accompany my 86-year-old aunt, who is a diehard warrior fan, but attendance is dwindling. Does it make economic sense to take money from HTA who is generating funds for many segments of the Hawaiian economy and give it to UH Athletics who has not yet figured out the formula for how to attract more paying customers so they can pay for athletes' travel?

I read with interest, testimony from the Tax Foundation of Hawaii, which makes great sense:

"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."

Please practice common sense and maintain the reference to Convention Center debt forgiveness, but do not take money from HTA. It will hurt our already fragile economy.

Respectfully submitted,

Sharlene Chun-Lum

Taxpayer and resident of Aiea

LATE

HB-2010-SD-1

Submitted on: 4/2/2018 4:32:52 PM

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

Submitted By	Organization	Testifier Position	Present at Hearing
Dan Wacksman	Individual	Oppose	No

Comments:

I am totally opposed to this bill as it essentially guts our ability to market Hawaii and compete against other destinations. It is also in direct contradicton to the purpose of the TAT. The consequences of enacting this bill will have long reaching impact, significantly reducing our ability to help drive the engine of the Hawaii economy, tourism. While there are certainly shortcomings in the current system this is not the way to address it.

LATE

Testimony of Paul H. Brewbaker, Ph.D. CBE
Principal, TZ Economics

THE SENATE COMMITTEE ON WAYS AND MEANS
THE TWENTY-NINTH LEGISLATURE, REGULAR SESSION OF 2018
Tuesday, April 3, 2018, 10:00 A.M.
Conference Room 211
Hawaii State Capitol
Regarding HB 2010, HD1, SD1 RELATING TO TOURISM

Chair Dela Cruz, Vice Chair Agaran, members of the committee:

Colleagues asked me to opine on legislation reallocating Transient Accommodation Tax Revenues. From committee reports and prior testimony, this bill is interesting. Placing the Hawaii Convention Center in a White Elephant Special Fund relieves the Hawaii Tourism Authority of its burden but is not obviously a solution by itself. Good luck with that.

That Authority and DBEDT were concerned about loss of generic destination marketing appropriations. It's ironic that Hawaii visitor expenditure in 2017 was \$16.8 billion when Hawaii visitor expenditure in 1997 was \$16.7 billion (in 2017 dollars), twenty years earlier. (More visitors, same dollars!) Still, as tourism economics Jedi Master, UH Emeritus Professor James Mak and his young Padawan, UH Professor Carl Bonham wrote: destination marketing and promotion suffer from a free-ridership problem best overcome through public coordination of private efforts. An uncompensated, unintended benefit accrues from successful marketing beyond the scope of tourism's economic footprint. Be careful what you wish for.

I sympathize with concern raised by the Tax Foundation of Hawaii about earmarking TAT revenue. Earmarking TAT to even more agencies than HTA isn't obviously likely to prove efficient. Use your regular budget allocation process. Your Economic Development Committee recommended that, "existing allocation of [the TAT] ... address the specific needs of agencies that work with, or are impacted by, the tourism industry, which will better ensure that those specific needs are properly addressed in a timely manner." First of all, Wisdom Teeth are impacted. Second, tourism is an export, not an industry. Third, timeliness of needs being addressed seems farfetched. Seriously: how is this better than regular budget allocation?

[DLNR is concerned that an earmark not displace other funding. My advice to DLNR is to write an app that tracks recreationists' Smartphone GPS and charges their credit cards for going to secret spots revealed by Google Maps, and then to false crack those who don't pay.]

Finally, don't shortchange tourism research. The proposed \$2.5 million research earmark is about what two Hawaii commercial banks used to spend on business economic research twenty years ago, in today's dollars. Now they wing it, and public discourse on economics has suffered. Tourism research is a pure public good: non-rival (my consumption does not prevent yours) and non-depletable (after I analyze the data, it's not gone, like SPAM musubi). Seems like the public sector should produce *more* public goods, not fewer.

Testimony Presented
to
Senate Committee on Ways & Means
Hawaii State Legislature
Tuesday, April 3, 2018 at 10:00 a.m.
on
HB2010 HD1 SD1
Relating to Tourism
by
Muriel Anderson



Aloha, Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members:

Thank you for this opportunity to submit testimony on HB2010 HD1 SD1. My name is Muriel Anderson, and I retired in 2011 from the Hawaii Tourism Authority after having served with the State Department of Business, Economic Development & Tourism (DBEDT) since 1984. Prior to joining DBEDT, I was employed in Hawaii's visitor industry.

Specifically, I would like to address the reasons why I am opposed to those issues in the legislation which directly impact the funding for the Hawaii Tourism Authority by the reduction of the Transient Accommodations Tax revenues to the Tourism Special Fund.

Let me give you a little background of my experience with the HTA. As the head of the Tourism Branch for DBEDT, I worked with Senator Brian Taniguchi and Representative Romy Cachola in the 1998 Legislature as they worked with DBEDT, the visitor industry and Hawaii's business community to define the complexities of forming one entity or one agency to enact on the recommendations, relating to tourism, of the 1997 Economic Revitalization Task Force. The intent was clear. Marketing Hawaii was critical; dedicated funding was a priority. The task at that point was for Senator Taniguchi and Representative Cachola to craft legislation that would define the roles and responsibilities of this one entity; therefore, the Hawaii Tourism Authority was developed through section 201B of the Hawaii Revised Statutes. HRS 201B defined HTA's role and structure in the tourism marketing, promotion and development role of Hawaii while providing a dedicated source of funding through the Transient Accommodations Tax. My staff and I were transferred to the HTA.

However, what was also clear 20 years ago when HRS, Section 201B was passed, was that the HTA would now assume the lead role for tourism marketing and development for the State of Hawaii, previously the presumptive role served by the Hawaii Visitors and Convention Bureau for many decades. Throughout the years, and through several management and board changes, the HTA evolved, but not without its many challenges, such as what they are facing today, too voluminous to cover in this testimony.

But, the enormity of what this bill is proposing cannot be ignored. The impact of fragmenting funding without any body or entity to develop and maintain comprehensive planning for the long-term health of not only Hawaii's visitor industry but also the welfare of our economy, portends great harm to an industry that provides the economic engine for our State.

I would strongly suggest that Legislative wisdom prevail by deferring this bill. Here are some of my suggestions, totally my personal opinions. I suggest that the HTA retain its present level of funding, and be given ample time to continue to respond to the concerns of the Hawaii State Auditor. I suggest that the HTA resurrect and revise its important foundational comprehensive planning documents, the 1999 and 2002 *Ke Kumu*, and the Hawaii Tourism Strategic Plan 2005-2015, which at the time, received widespread support because it was a document that received input from all stakeholders. I suggest that the Directors of Transportation, the Department of Land and Natural Resources, the Department of Business, Economic Development & Tourism, and the University of Hawaii, be added as ex-officio members of the HTA board, as some of them had been in prior iterations of the HTA legislation. I suggest that the HTA bring back into one entity, namely the Hawaii Visitors and Convention Bureau, and its chapters, **all** of the marketing efforts for the State of Hawaii in order to have a more well-defined, coordinated approach to marketing and promoting Hawaii, rather than attempting to do it piece-meal and in-house, and to be better equipped to concentrate on the more critical issues facing tourism. I recommend that the HTA be the entity that it was originally intended to be – the agency that would address the strategic and long-term health of Hawaii's visitor industry, conducive to protecting the economic, environmental, social and cultural welfare of our state.

And, importantly, I strongly recommend that the President & CEO of the Hawaii Tourism Authority, be made an ex-officio member of the Governor's cabinet, as was originally intended when the legislation was passed in 1998, in order that comprehensive and cohesive functional planning, and issues such as infrastructure, the environment, the negative impacts of tourism, etc. can be resolved at a level that would engender integrated policy and decision-making.

Mahalo nui for the opportunity to present these comments.