

OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII
NO. 1 CAPITOL DISTRICT BUILDING
250 SOUTH HOTEL STREET, SUITE 107
HONOLULU, HAWAII 96813
TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: Senate Committee on Economic Development, Tourism, and Technology

From: Cheryl Kakazu Park, Director

Date: February 6, 2017, 3:00 p.m.
State Capitol, Conference Room

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

Thank you for the opportunity to submit testimony on this bill, which, among other things, would repeal a special provision allowing the Hawaii Tourism Authority (“HTA”) Board to hold closed meetings to consider information that is “proprietary to a particular enterprise” or “might be harmful to the business interests of the enterprise,” and information “necessary to protect Hawaii’s competitive advantage as a visitor destination.” The Office of Information Practices (“OIP”) takes **no position** on this bill, and views the question of whether repeal this special closed meeting provision **as a policy matter for the Legislature to decide.**

The repeal of the special closed meeting provision is found in bill section 2, beginning at bill page 3, line 12. The effect of the proposed language would be simply to require the HTA Board to follow the Sunshine Law, part I of chapter 92. The HTA Board would still be able to hold a closed session based on one of the purposes listed in section 92-5, HRS, like any other board subject to the Sunshine

Senate Committee on Economic Development, Tourism, and Technology
February 6, 2017
Page 2 of 2

Law, but it would no longer be able to justify closed sessions based on its own special “proprietary” or “competitive advantage” closed meeting purposes.

The question of whether it is necessary for the HTA Board to hold additional closed meetings beyond what the Sunshine Law would generally provide for, to protect these additional categories of information, is a policy question best left to the Legislature to decide, so OIP takes no position on this bill.

Thank you for the opportunity to testify.



Hawai'i Convention Center
1801 Kalākaua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaiiourismauthority.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
SB1084 Relating to the Hawaii Tourism Authority
Senate Committee on Economic Development, Tourism, and Technology
Wednesday, February 8, 2017
1:15 p.m.
Conference Room 414

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The Hawai'i Tourism Authority (HTA) offers the following **comments and concerns** regarding SB1084, which would amend HTA's authorizing statute, HRS Chapter 201B, by repealing the HTA Board of Directors' (the Board) authority to enter into closed executive meetings to review information that is either proprietary or necessary to protect Hawai'i's competitive advantage as a visitor destination, 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, and directing that gubernatorial appointments to the Board be made within 90 days of receipt of the list of applicable names.

The Board is authorized to close its meetings to the public only when necessary for the Board to receive proprietary business information that, if released, could harm Hawai'i's business interests and competitive advantage as a visitor destination. For example, the Board's ability to close certain meetings helped HTA secure a slight profit on the Convention Center for the first time in the Center's history. The current statute limits the Board's authority to those circumstances. The current statute requires the Board to submit to the Governor, the Speaker of the House and the President of the Senate periodic reports of its contracts and agreements. In practice, HTA has also responded to any legislator's request for additional information regarding HTA's promotion of Hawai'i as a premier visitor destination.

As an agency, HTA acts as a market participant on behalf of the State of Hawai'i. This function differentiates HTA from most public boards. As a market participant, HTA directs Hawai'i's efforts to market Hawai'i and performs other statutorily mandated functions. Hawai'i is in direct competition with other visitor destinations. The current statute, and HTA's practice of sharing additional information with legislators, carefully balances the right of the public to an open government against the realities of the market and the other state interests. Balancing competing interests is not unusual. For example, other statutes allowing public boards to close meetings for reasons that include discussions such as the consideration of matters relating to the solicitation and acceptance of private donations and consultation with counsel, HRS § 92-5, do so to balance the right to an open government against other concerns.

Repealing the Board's ability to close portions of meetings when it reviews sensitive information would inhibit HTA's role as a market participant. The entirety of HRS§ 201B-4 permits the Board to go into executive session when appropriate to discuss those items contained in HRS § 201B-4 that should not be discussed in public. The loss of this ability will expose Hawai'i's marketing strategy to competitor destinations and impair Hawai'i's business interests.

HTA has no comment on the deadline to appoint Board members or the expansion of HTA's current reporting requirements to require an additional year's budgeting of actual and planned expenditures and additional dissemination of such 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, and we want engage the legislature in a discussion of the ways by which we can increase access to information and assure the legislature that we are acting in Hawai'i's best interests. To that end, we encourage as much transparency as possible when sharing our budget with the Chairs of the legislative committees on tourism and finance.

Mahalo for the opportunity to offer these comments.



HAWAI'I LODGING & TOURISM
A S S O C I A T I O N

Testimony of

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

Committee on Economic Development, Tourism, and Technology

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

Chair Wakai, Vice Chair Taniguchi, 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, which would stipulate open meeting, reporting, and board appointment requirements for the Hawai'i Tourism Authority.

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 recently came to light, 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 proceedings are open to the public, give legislators more oversight into spending by the agency by requiring timely reports on its budget and expenditures, and establish the timely appointment of the authority's board of directors. If the sunshine exemption is to be retained, there should be greater assurances that it will be exercised in a much more judicious manner than has been done presently.

We strongly support the 90-day parameter given to the executive office for board appointment and would like to recommend 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, cultivating existing markets and developing new ones, and finding other means of strengthening the state's number one industry.

Mahalo for the opportunity to testify.



Airport Trade Center
550 Paiea Street, Suite 236
Honolulu, HI 96819
808.840.2400 P
808.840.2399 F

IslandAir.com

February 6, 2017

Senator Glenn Wakai
Hawaii State Senate
Hawaii State Capitol, Room 216
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Senator Wakai,

I submit this testimony in support of Senate Bill 1084.

It is disappointing that you are spending your time in gaining transparency and accountability from a public agency that is supposed to be serving our community, the legislature and our industry. There is no reason HTA should have held back budget numbers and the description on how funds were intended to be spent from the source of the funding. A previous state audit required that HTA build Key Performance Indicators to set the objectives and goals to measure the success of the investments that were being made. Matrix to qualify investments in projects and programs such as sporting events were established and approved by the Board. I can tell you that some of the events and programs that they are currently funding did not meet the matrix of the Boards that I had the pleasure of serving during my time with HTA.

The funding of a contractor in the case of Canada without identifying the goals as it relates to return on investment is not how any business operates, especially the private sector. Not understanding that the softness in the Canadian market was attributed to the strengthening of the US dollar, not understanding these market impacts are causing the State to make an investment in a market that carries the lowest per person per daily spend. This is evidence of the lack of industry knowledge of the staff and lack of industry knowledge or oversight at the Board level.

This agency, as well as its board members in taking their respective roles and responsibilities on behalf of the State, needs to be accountable to the State and its legislative reports. For these reasons, along with the lack of industry interface and accountability, I strongly recommend the following:

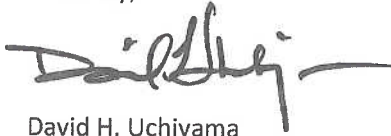
1. HTA is required to turn over budget numbers with detailed descriptions of the actions to be executed to the Chairs of the Tourism and Money Committees when requested.
2. Requires the governor to pick an HTA Board nominee within 90 days of receiving names from the Senate President/Speaker and those nominees meeting the requirements of the Board make up.

Senator Glenn Wakai
Page 2 of 2
February 6, 2017

3. So that there be no further abuse, bring clarity in the intent of transparency and take away the sunshine exemption which allows the Board to go into executive session.

Your strong consideration of my testimony in these matters is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Uchiyama", with a long horizontal flourish extending to the right.

David H. Uchiyama
President & CEO



WAIKĪKĪ IMPROVEMENT ASSOCIATION

Statement of **Rick Egged, President, Waikiki Improvement Association**
Before the **Senate Committee on Economic Development, Tourism & Technology**
Wednesday, February 8, 2017. 1:15pm, Room 414

RE: SB 1084 RELATING TO THE HAWAII TOURISM AUTHORITY

Good afternoon Chair Wakai, Vice Chair Taniguchi and members of the committee. I am Rick Egged testifying on behalf of the Waikiki Improvement Association. WIA is a nonprofit organization representing 170 leading businesses and stakeholders in Waikiki.

The Waikiki Improvement Association (WIA) supports the intent of SB 1084. Timely appointments to the Hawaii Tourism Authority (HTA) board of directors are imperative if the community and the visitor industry is to have able representation on the authority board.

WIA also believes that the HTA must be transparent and accountable to the State Legislature. However, we recognize the necessity of keeping the details of some marketing initiatives private and urge caution in reviewing the HTA's ability to convene closed meetings for certain purposes. I am sure that the HTA and the Legislature can reach an understanding that some information must be shared with Legislators but remain confidential for Hawaii to stay competitive.

Thank you for this opportunity to provide these comments.



Feb. 8, 2017

Sen. Glenn Wakai
Senate Committee on Economic Development, Tourism and Technology
State Capitol
Honolulu, HI 96813

Re: Senate Bill 1084

Sen. Wakai and Committee Members:

We support SB 1084 as a means to make the Hawaii Tourism Authority accountable for the taxpayers' funds it spends. Lawmakers and the media 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 cannot 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.

The bill proposes to make the agency follow the open meetings law as other government boards are. The section for the exemption should be removed in its entirety if the Legislature feels HTA should follow the Sunshine Law. Removal would mean that the agency would have to follow that law.

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,

Stirling Morita
President, Hawaii Chapter SPJ

ETT Testimony

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 3, 2017 3:25 PM
To: ETT Testimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB1084 on Feb 6, 2017 15:00PM*

SB1084

Submitted on: 2/3/2017

Testimony for ETT on Feb 6, 2017 15:00PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov