



SENATE COMMITTEE ON WAYS AND MEANS
The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

**S.B. NO. 2504, S.D. 1, RELATING TO THE HAWAII TOURISM
AUTHORITY**

Hearing: Wednesday, February 28, 2018, 10:45 a.m.

The Office of the Auditor **has no position** regarding S.B. No. 2504, S.D. 1, which addresses the definition of “administrative expenses” by the Hawai‘i Tourism Authority (HTA). **However, we offer the following comments regarding the bill, specifically the amendments to section 201B-11(c), Hawai‘i Revised Statutes (HRS).**

We recently issued Report No. 18-04, *Audit of the Hawai‘i Tourism Authority*. In that report, we examined HTA’s compliance with the administrative expense limit of 3.5 percent of the Tourism Special Fund as one of the audit objectives. Report 18-04 made the following recommendation regarding HTA’s administrative cap:

Seek clarification from the Legislature regarding the term “administrative expenses,” as used in section 201B-11(c)(1), HRS, through legislation to define the term, including the specific types of expenses that are included within that term.¹

This bill would amend section 201B-11(c), HRS, to clarify that “the expenditure of moneys to market Hawai‘i as a tourism destination shall not be considered administrative expenses”; however, the bill does not provide any further clarity as to the specific expenses that constitute “administrative expenses.” We suggest that the Committee consider amending the bill to clarify the expenses that are “administrative expenses.”

Thank you for considering our testimony regarding S.B. No. 2504, S.D. 1.

¹ See Report No. 18-04, Page 48, found at: <http://files.hawaii.gov/auditor/Reports/2018/18-04.pdf>