

JAN 21 2022

---

# A BILL FOR AN ACT

---

RELATING TO TOURISM.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. Chapter 201, Hawaii Revised Statutes, is  
3 amended by adding a new part to be appropriately designated and  
4 to read as follows:

5 "PART . TOURISM

6 §201-A Definitions. As used in this part, unless the  
7 context otherwise requires:

8 "Agency" means any agency, department, authority, board,  
9 commission, the university of Hawaii, or any other unit of the  
10 State or its political subdivisions.

11 "Commission" means the tourism commission established  
12 pursuant to section 201-C.

13 "Convention center facility" or "convention center" means  
14 any combination of land, buildings, and improvements thereon,  
15 acquired or developed by the State, and includes exhibition  
16 halls, meeting rooms, a plenary session hall, and support space  
17 that reflect a Hawaiian sense of place; any other structure or



1 facility required or useful for the operation of a convention  
2 center, including commercial, office, community service,  
3 parking, garage, and other supporting service structures; and  
4 all necessary, useful, and related equipment, furnishings, and  
5 appurtenances.

6 "Office" means the office of tourism established pursuant  
7 to section 201-B.

8 "Public agency" means any office, department, board,  
9 commission, bureau, division, public corporation agency, or  
10 instrumentality of the federal, state, or county government.

11 **§201-B Office of tourism; established.** (a) There is  
12 established an office of tourism within the department.

13 (b) The office may:

14 (1) Develop, coordinate, and implement state policies and  
15 directions for tourism and related activities, taking  
16 into account the economic, social, and physical  
17 impacts of tourism on the State, Hawaii's natural  
18 environment, and areas frequented by visitors;  
19 provided that the office shall undertake these  
20 activities in conjunction with, and subject to the  
21 approval of, the tourism commission;



- 1           (2)   Have a permanent, strong focus on Hawaii brand  
2                   management;
- 3           (3)   Coordinate the development of new products with the  
4                   counties and other persons in the public sector and  
5                   private sector, including the development of sports,  
6                   culture, health and wellness, education, technology,  
7                   agriculture, and nature tourism;
- 8           (4)   Coordinate all agencies and advise the private sector  
9                   in the development of tourism-related activities and  
10                  resources;
- 11          (5)   Work to eliminate or reduce barriers to travel to  
12                  provide a positive and competitive business  
13                  environment, including coordinating with the  
14                  department of transportation on issues affecting  
15                  airlines and air route development;
- 16          (6)   Establish a program to monitor, investigate, and  
17                  respond to complaints about problems resulting  
18                  directly or indirectly from the tourism industry and  
19                  taking appropriate action as necessary;



1           (7) Develop and implement emergency measures to respond to  
2           any adverse effects on the tourism industry, pursuant  
3           to section 201-H;

4           (8) Engage the services of consultants on a contractual  
5           basis for rendering professional and technical  
6           assistance and advice;

7           (9) Procure insurance against any loss in connection with  
8           its property and other assets and operations in  
9           amounts and from insurers as it deems desirable;

10          (10) Contract for or accept revenues, compensation,  
11          proceeds, and gifts or grants in any form from any  
12          public agency or any other source;

13          (11) Set and collect rents, fees, charges, or other  
14          payments for the lease, use, occupancy, or disposition  
15          of the convention center facility without regard to  
16          chapter 91;

17          (12) Operate, own, manage, repair, reconstruct, enlarge, or  
18          otherwise effectuate, either directly or through  
19          developers, the state convention center; and



1       (13) Take actions necessary to carry out its purposes and  
2           responsibilities pursuant to this part or perform  
3           other functions required or authorized by law.

4       (c) Except as otherwise expressly provided by this part,  
5       the office shall not directly conduct tourism promotion,  
6       marketing, or development activities, but shall contract with a  
7       qualified organization to perform tourism promotion, marketing,  
8       and development; provided that any contract entered into by the  
9       office pursuant to this subsection shall be vetted, approved,  
10      and reviewed by the tourism commission pursuant to section  
11      201-C(e). The contracted entity may:

12       (1) Conduct market development-related research as  
13           necessary;

14       (2) Market and promote sports-related activities and  
15           events; and

16       (3) Establish a public information and educational program  
17           to inform the public of tourism and tourism-related  
18           problems; and

19       (4) Encourage the development of tourism educational,  
20           training, and career counseling programs.



(d) The office of tourism may enter into contracts or other instruments necessary or convenient for the exercise of its duties and functions under this part; provided that:

(1) Any contract entered into by the office with a value of more than \$ shall be evaluated, approved, and reviewed by the tourism commission pursuant to section 201-C(e);

(2) All contracts and agreements shall be for a period of no more than five years, subject to the availability of funds; and

(3) No agreement for the use of the convention center facility shall be for a period of more than ten years.

(e) As used in this section, "Hawaii brand" shall have the same meaning as in section 201-E.

**§201-C Tourism commission; established.** (a) There is established within the department a tourism commission.

(b) The tourism commission shall be headed by a board of directors. The board shall comprise nine members who shall be appointed by the governor as provided in section 26-34; provided that the governor shall invite one member from each of the following organizations to serve on the board:



- 1           (1)   An organization representing the airline industry;
- 2           (2)   An organization representing the hotel industry;
- 3           (3)   A non-profit organization that advocates for Native
- 4                 Hawaiian development and advancement in the tourism
- 5                 industry;
- 6           (4)   A non-profit organization that advocates for the
- 7                 enhancement of cultural, economic, political, and
- 8                 community development of Native Hawaiians;
- 9           (5)   A statewide chamber of commerce;
- 10          (6)   An investment firm that advocates for and invests in
- 11                 initiatives that support sustainability, renewable
- 12                 energy, clean transportation, water management, and
- 13                 waste management;
- 14          (7)   An organization representing entities that offer
- 15                 tours, attractions, or activities to the public;
- 16          (8)   An organization representing marketing professionals,
- 17                 or the Hawaii-based chapter of that organization; and
- 18          (9)   The school of travel industry management of the
- 19                 university of Hawaii at Manoa.
- 20          (c)   The tourism commission shall elect a chairperson from
- 21                 among its members.



1 (d) The members of the tourism commission shall serve  
2 without compensation, but shall be reimbursed for expenses,  
3 including travel expenses, necessary for the performance of  
4 their duties.

5 (e) The commission shall:

6 (1) Recommend policies to be adopted by the office;

7 (2) Review and evaluate all offers received in response to  
8 a contract solicitation pursuant to this part in which  
9 the value of the contract is expected to exceed

10 \$ , and make recommendations to the office  
11 regarding the award of the contracts;

12 (3) Approve all contracts having a value of more than

13 \$ entered into by the office;

14 (4) Monitor and review the performance of all contracts  
15 having a value of more than \$ awarded pursuant  
16 to this part;

17 (5) Review annually the expenditure of public funds by any  
18 visitor industry organization that contracts with the  
19 office to perform tourism promotion, marketing, and  
20 development and making recommendations necessary to





1 ensure the effective use of the funds for the  
2 development of tourism; and

3 (5) Review and recommend to the office the disposition of  
4 any grant application pursuant to this part.

5 (e) The office of tourism shall provide administrative  
6 support to the tourism commission.

7 (f) The commission may adopt rules pursuant to chapter 91  
8 necessary to carry out the purposes of this section.

9 **§201-D Private attorneys.** The department may appoint or  
10 retain by contract one or more attorneys who are independent of  
11 the attorney general to provide legal services for the office  
12 solely in cases of contract negotiations in which the attorney  
13 general lacks sufficient expertise; provided that the  
14 independent attorney shall consult and work in conjunction with  
15 the designated deputy attorney general assigned to the  
16 department.

17 (b) The director may fix the compensation of the attorneys  
18 appointed or retained pursuant to this section. Attorneys  
19 appointed or retained by contract shall be exempt from chapters  
20 76, 78, and 88.



1           **§201-E Tourism marketing plan; measures of effectiveness.**

2       (a) The office of tourism shall be responsible for developing a  
3 tourism marketing plan, which shall be subject to the approval  
4 of the commission. The plan shall be a single, comprehensive  
5 document that shall be updated every year and include the  
6 following:

7           (1) Statewide Hawaii brand management efforts and  
8 programs;

9           (2) Targeted markets;

10          (3) Efforts to enter into Hawaii brand management projects  
11 that make effective use of cooperative programs;

12          (4) Program performance goals and targets that can be  
13 monitored as market gauges and used as attributes to  
14 evaluate the office's programs; and

15          (5) The office's guidance and direction for the  
16 development and coordination of promotional and  
17 marketing programs that build and promote the Hawaii  
18 brand, which are implemented through contracts and  
19 agreements with destination marketing organizations or  
20 other qualified organizations, including:

21           (A) Target markets and the results being sought;



1 (B) Key performance indicators; and

2 (C) Private sector collaborative or cooperative  
3 efforts that may be required.

4 As used in this section, "Hawaii brand" means the programs  
5 that collectively differentiate the Hawaii experience from other  
6 destinations.

7 (b) In accordance with subsection (a), the office shall  
8 develop measures of effectiveness to assess the overall benefits  
9 and effectiveness of the marketing plan and include  
10 documentation of the progress of the marketing plan towards  
11 achieving the office's strategic plan goals.

12 **§201-F Tourism-related activities.** (a) The office may  
13 enter into contracts and agreements, consistent with section  
14 201-B, that include the following:

- 15 (1) Tourism promotion, marketing, and development;  
16 (2) Market development-related research;  
17 (3) Product development and diversification issues focused  
18 on visitors;  
19 (4) Promotion, development, and coordination of sports-  
20 related activities and events;



- 1           (5) Promotion of Hawaii, through a coordinated statewide  
2           effort, as a place to do business, including high  
3           technology business, and as a business destination;  
4           (6) Reduction of barriers to travel;  
5           (7) Marketing, management, use, operation, or maintenance  
6           of the convention center facility, including the  
7           purchase or sale of goods or services, logo items,  
8           concessions, sponsorships, and license agreements, or  
9           any use of the convention center facility as a  
10          commercial enterprise; provided that contracts issued  
11          pursuant to this paragraph for the marketing of all  
12          uses of the convention center facility may be issued  
13          separately from the management, use, operation, or  
14          maintenance of the facility;  
15          (8) Tourism research and statistics to:  
16              (A) Measure and analyze tourism trends;  
17              (B) Provide information and research to assist in the  
18              development and implementation of state tourism  
19              policy; and  
20              (C) Provide tourism information on:



- 1 (i) Visitor arrivals, visitor characteristics,  
2 and expenditures;
- 3 (ii) The number of transient accommodation units  
4 available, occupancy rates, and room rates;
- 5 (iii) Airline-related data including seat capacity  
6 and number of flights;
- 7 (iv) The economic, social, and physical impacts  
8 of tourism on the State; and
- 9 (v) The effects of the marketing programs of the  
10 office on the measures of effectiveness  
11 developed pursuant to section 201-E(b); and
- 12 (9) Any and all other activities necessary to carry out  
13 the intent of this chapter;
- 14 provided that the office shall periodically submit a report of  
15 the contracts and agreements entered into by the office to the  
16 governor, the speaker of the house of representatives, and the  
17 president of the senate.
- 18 (b) The office of tourism, subject to the approval of the  
19 commission, shall be responsible for:
- 20 (1) Creating a vision and developing a long-range  
21 strategic plan for tourism in Hawaii;



- 1           (2) Arranging for the conduct of research through  
2           contractual services with the University of Hawaii or  
3           any agency or other qualified persons concerning  
4           social, economic, and environmental aspects of tourism  
5           development in the State;
- 6           (3) Providing technical or other assistance to agencies  
7           and private industry upon request;
- 8           (4) Perpetuating the uniqueness of the native Hawaiian  
9           culture and community, and their importance to the  
10          quality of the visitor experience, by ensuring that:
- 11          (A) The Hawaiian culture is accurately portrayed by  
12          Hawaii's visitor industry;
- 13          (B) Hawaiian language is supported and normalized as  
14          both an official language of the State as well as  
15          the foundation of the host culture that draws  
16          visitors to Hawaii;
- 17          (C) Hawaiian cultural practitioners and cultural  
18          sites that give value to Hawaii's heritage are  
19          supported, nurtured, and engaged in sustaining  
20          the visitor industry; and



(D) A native Hawaiian cultural education and training program is provided for the visitor industry workforce having direct contact with visitors; and

(6) Assisting the commission in reviewing annually the expenditure of public funds by any visitor industry organization that contracts with the office to perform tourism promotion, marketing, and development.

(c) Where public disclosure of information gathered or developed by the office or its contractors may place a business at a competitive disadvantage or may impair or frustrate the office's ability to either compete as a visitor destination or obtain or utilize information for a legitimate government function, the office may withhold from public disclosure competitively sensitive information including:

- (1) Completed survey forms and questionnaire forms;
- (2) Coding sheets; and
- (3) Database records of the information.

**§201-G Convention center enterprise special fund. (a)**

There is established the convention center enterprise special fund, into which shall be deposited:



- 1           (1) A portion of the revenues from the transient  
2           accommodations tax, as provided by section 237D-6.5;
- 3           (2) All revenues or moneys derived from the operations of  
4           the convention center to include all revenues from the  
5           food and beverage service, all revenues from the  
6           parking facilities or from any concession, and all  
7           revenues from the sale of souvenirs, logo items, or  
8           any other items offered for purchase at the convention  
9           center;
- 10          (3) Private contributions, interest, compensation, gross  
11          or net revenues, proceeds, or other moneys derived  
12          from any source or for any purpose arising from the  
13          use of the convention center facility; and
- 14          (4) Appropriations by the legislature for marketing the  
15          facility pursuant to section 201-F(a)(7).

16          (b) Moneys in the convention center enterprise special  
17 fund shall be used by the office for the payment of expenses  
18 arising from any and all use, operation, maintenance,  
19 alteration, improvement, or any unforeseen or unplanned repairs  
20 of the convention center, including without limitation the food  
21 and beverage service and parking service provided at the





1 convention center facility, the sale of souvenirs, logo items,  
2 or other items, for any future major repair, maintenance, and  
3 improvement of the convention center facility as a commercial  
4 enterprise or as a world class facility for conventions,  
5 entertainment, or public events, and for marketing the facility  
6 pursuant to section 201-F(a)(7).

7 (c) Moneys in the convention center enterprise special  
8 fund may be:

9 (1) Placed in interest-bearing accounts; provided that the  
10 depository in which the money is deposited furnishes  
11 security as provided in section 38-3; or

12 (2) Otherwise invested by the office until such time as  
13 the moneys may be needed; provided that the office  
14 shall limit its investments to those listed in section  
15 36-21.

16 All interest accruing from investment of the moneys shall be  
17 credited to the convention center enterprise special fund.

18 **§201-H Tourism emergency.** (a) If the department  
19 determines that the occurrence of a world conflict, terrorist  
20 threat, national or global economic crisis, natural disaster,  
21 outbreak of disease, or other catastrophic event adversely



1 affects Hawaii's tourism industry by resulting in a substantial  
2 interruption in the commerce of the State and adversely  
3 affecting the welfare of its people, the director shall submit a  
4 request to the governor to declare that a tourism emergency  
5 exists.

6 (b) Upon declaration by the governor that a tourism  
7 emergency exists pursuant to subsection (a), the office or an  
8 entity contracted by the office shall develop and implement  
9 measures to respond to the tourism emergency, including  
10 providing assistance to tourists during the emergency; provided  
11 that any tourism emergency response measure implemented pursuant  
12 to this subsection shall not include any provision that would  
13 adversely affect the organized labor force in tourism-related  
14 industries. With respect to a national or global economic  
15 crisis only, in addition to the governor's declaration of the  
16 existence of a tourism emergency, no action in response to the  
17 tourism emergency declaration may be taken by the department  
18 without the governor's express approval.

19 **§201-I Tourism emergency special fund.** (a) There is  
20 established outside the state treasury a tourism emergency  
21 special fund to be administered by the office, into which shall



1 be deposited the revenues prescribed by section 237D-6.5(b) and  
2 all investment earnings credited to the assets of the fund.

3 (b) Moneys in the special fund shall be used exclusively  
4 to provide for the development and implementation of emergency  
5 measures to respond to any tourism emergency pursuant to section  
6 201-H, including providing emergency assistance to tourists  
7 during the tourism emergency.

8 (c) Use of the special fund, consistent with subsection  
9 (b), shall be provided for in articles, bylaws, resolutions, or  
10 other instruments executed by the office as administrator for  
11 the special fund.

12 **§201-J Exemption of office from taxation.** All revenues  
13 and receipts derived by the office from any project or a project  
14 agreement or other agreement pertaining thereto shall be exempt  
15 from all state taxation. Any right, title, and interest of the  
16 office in any project shall also be exempt from all state  
17 taxation. Except as otherwise provided by law, the interest of  
18 a qualified person or other user of a project or a project  
19 agreement or other agreements related to a project shall not be  
20 exempt from taxation to a greater extent than it would be if the



1 costs of the project were directly financed by the qualified  
2 person or user.

3       **§201-K Assistance by state and county agencies; advisory**  
4 **group.** (a) Any state or county agency may render services upon  
5 request of the office.

6       (b) The office may establish an advisory group that may  
7 meet monthly or as the office deems necessary, which may include  
8 the director of business, economic development, and tourism,  
9 director of transportation, chairperson of the board of land and  
10 natural resources, and executive director of the state  
11 foundation on culture and the arts to advise the office on  
12 matters relating to their respective departments or agency in  
13 the preparation and execution of suggested:

14       (1) Measures to respond to tourism emergencies pursuant to  
15 section 201-H;

16       (2) Programs for the management, improvement, and  
17 protection of Hawaii's natural environment and other  
18 areas frequented by visitors;

19       (3) Measures to address issues affecting airlines, air  
20 routes, and barriers to travel to Hawaii; and



(4) Programs to perpetuate the cultures of Hawaii and engage local communities to sustain and preserve the native Hawaiian culture.

**§201-L Declaration of public function, purpose, and necessity.** The powers and functions granted to and exercised by the office under this chapter are declared to be public and governmental functions, exercised for a public purpose, and matters of public necessity.

**§201-M Court proceedings; preferences; venue.** (a) Any action or proceeding pursuant to this part to which the office, the department, the State, or the county may be a party, in which any question arises as to the validity of this chapter, shall be preferred over all other civil cases, except election cases, in the circuit court of the circuit where the case or controversy arises, and shall be heard and determined in preference to all other civil cases pending therein except election cases, irrespective of position on the calendar.

(b) Upon application of counsel to the office, the same preference shall be granted in any action or proceeding questioning the validity of this chapter in which the office may be allowed to intervene.



1 (c) Any action or proceeding pursuant to this part to  
2 which the office, the department, the State, or the county may  
3 be party, in which any question arises as to the validity of  
4 this part or any portion of this part, or any action of the  
5 office may be filed in the circuit court of the circuit where  
6 the case or controversy arises, which court is hereby vested  
7 with original jurisdiction over the action.

8 (d) Notwithstanding any provision of law to the contrary,  
9 declaratory relief from the circuit court may be obtained for  
10 any action.

11 (e) Any party aggrieved by the decision of the circuit  
12 court may appeal in accordance with part I of chapter 641 and  
13 the appeal shall be given priority."

14 PART II

15 SECTION 2. Section 23-13, Hawaii Revised Statutes, is  
16 amended by amending its title and subsections (a) through (c) to  
17 read as follows:

18 "[+]§23-13[+] ~~[Hawaii tourism authority,]~~ Office of  
19 tourism; audit. (a) The auditor shall conduct at least every  
20 five years a management and financial audit of all contracts or  
21 agreements awarded by the ~~[Hawaii tourism authority]~~ office of



1 tourism to a major contractor to determine if the [~~authority~~]  
2 office of tourism and its major contractors are in compliance  
3 with all relevant programmatic and financial requirements. The  
4 first audit shall be conducted within one year of July 1, 2002.  
5 These audits shall include but not be limited to a review of the  
6 following:

7 (1) The responsibilities, services, and activities of all  
8 major contractors;

9 (2) The propriety of expenditures;

10 (3) Compliance by all major contractors with any laws and  
11 rules that may be in effect;

12 (4) The management and oversight of all major contractors  
13 by the [~~authority;~~] office of tourism; and

14 (5) Any additional audit issues that the auditor deems  
15 appropriate.

16 (b) The [~~authority~~] office of tourism and any private  
17 companies or agencies receiving state funds shall fully  
18 cooperate with and provide assistance to the auditor as needed  
19 with respect to its audit, and shall respond promptly to the  
20 auditor's requests in conducting this audit, including providing



1 for records and other information requested in the course of the  
2 audit.

3 (c) The [~~authority~~] office of tourism shall compensate the  
4 auditor for expenditures incurred by the auditor in conducting  
5 the management and financial audit."

6 SECTION 3. Section 23-76, Hawaii Revised Statutes, is  
7 amended by amending subsection (c) to read as follows:

8 "(c) This section shall apply to the following:

9 (1) Section 237-24.3(4)--Amounts received by employment  
10 benefit plans and amounts received by nonprofit  
11 organizations or offices for the administration of  
12 employee benefit plans;

13 (2) Section 237-24.3(5)--Amounts received from food  
14 coupons under the federal food stamp program or  
15 vouchers under the Special Supplemental Foods Program  
16 for Women, Infants and Children;

17 (3) Section 237-24.3(6)--Amounts received from the sale of  
18 prescription drugs or prosthetic devices;

19 (4) Section 237-24.3(8)--Amounts received as dues by  
20 unincorporated merchants associations for advertising  
21 or promotion;





- 1           (5)   Section 237-24.3(9)--Amounts received by labor  
2                   organizations from real property leases;  
3           (6)   Section 237-24.75(2)--Reimbursements to the Hawaii  
4                   convention center operator from the [~~Hawaii tourism~~  
5                   ~~authority,~~] office of tourism;  
6           (7)   Section 237-24.75(3)--Reimbursements to professional  
7                   employer organizations from client companies for  
8                   employee wages and fringe benefits; and  
9           (8)   Section 209E-11--Amounts received by qualified  
10                  businesses in enterprise zones."

11           SECTION 4.   Section 28-8.3, Hawaii Revised Statutes, is  
12 amended as follows:

13           1.   By amending subsection (a) to read:

14           "(a)   No department of the State other than the attorney  
15 general may employ or retain any attorney, by contract or  
16 otherwise, for the purpose of representing the State or the  
17 department in any litigation, rendering legal counsel to the  
18 department, or drafting legal documents for the department;  
19 provided that the foregoing provision shall not apply to the  
20 employment or retention of attorneys:



- 1           (1) By the public utilities commission, the labor and  
2           industrial relations appeals board, and the Hawaii  
3           labor relations board;
- 4           (2) By any court or judicial or legislative office of the  
5           State; provided that if the attorney general is  
6           requested to provide representation to a court or  
7           judicial office by the chief justice or the chief  
8           justice's designee, or to a legislative office by the  
9           speaker of the house of representatives and the  
10          president of the senate jointly, and the attorney  
11          general declines to provide such representation on the  
12          grounds of conflict of interest, the attorney general  
13          shall retain an attorney for the court, judicial, or  
14          legislative office, subject to approval by the court,  
15          judicial, or legislative office;
- 16          (3) By the legislative reference bureau;
- 17          (4) By any compilation commission that may be constituted  
18          from time to time;
- 19          (5) By the real estate commission for any action involving  
20          the real estate recovery fund;



- 1 (6) By the contractors license board for any action
- 2 involving the contractors recovery fund;
- 3 (7) By the office of Hawaiian affairs;
- 4 (8) By the department of commerce and consumer affairs for
- 5 the enforcement of violations of chapters 480 and
- 6 485A;
- 7 (9) As grand jury counsel;
- 8 (10) By the Hawaii health systems corporation, or its
- 9 regional system boards, or any of their facilities;
- 10 (11) By the auditor;
- 11 (12) By the office of ombudsman;
- 12 (13) By the insurance division;
- 13 (14) By the University of Hawaii;
- 14 (15) By the Kahoolawe island reserve commission;
- 15 (16) By the division of consumer advocacy;
- 16 (17) By the office of elections;
- 17 (18) By the campaign spending commission;
- 18 (19) By the [~~Hawaii tourism authority,~~] department of
- 19 business, economic development, and tourism, as
- 20 provided in section [201B-2.5,] 201-D;
- 21 (20) By the division of financial institutions;



1 (21) By the office of information practices;

2 (22) By the school facilities authority; or

3 (23) By a department, if the attorney general, for reasons  
4 deemed by the attorney general to be good and  
5 sufficient, declines to employ or retain an attorney  
6 for a department; provided that the governor waives  
7 the provision of this section."

8 2. By amending subsection (c) to read:

9 "(c) Every attorney employed by any department on a  
10 full-time basis, except an attorney employed by the public  
11 utilities commission, the labor and industrial relations appeals  
12 board, the Hawaii labor relations board, the office of Hawaiian  
13 affairs, the Hawaii health systems corporation or its regional  
14 system boards, the department of commerce and consumer affairs  
15 in prosecution of consumer complaints, insurance division, the  
16 division of consumer advocacy, the University of Hawaii, the  
17 ~~[Hawaii tourism authority]~~ department of business, economic  
18 development, and tourism as provided in section ~~[201B-2.5,]~~  
19 201-D the office of information practices, or as grand jury  
20 counsel, shall be a deputy attorney general."



1       SECTION 5. Section 36-27, Hawaii Revised Statutes, is  
2 amended by amending subsection (a) to read as follows:

3       "(a) Except as provided in this section, and  
4 notwithstanding any other law to the contrary, from time to  
5 time, the director of finance, for the purpose of defraying the  
6 prorated estimate of central service expenses of government in  
7 relation to all special funds, except the:

8       (1) Special out-of-school time instructional program fund  
9       under section 302A-1310;

10       (2) School cafeteria special funds of the department of  
11       education;

12       (3) Special funds of the University of Hawaii;

13       (4) Convention center enterprise special fund under  
14       section [~~201B-8,~~] 201-G;

15       (5) Special funds established by section 206E-6;

16       (6) Aloha Tower fund created by section 206J-17;

17       (7) Funds of the employees' retirement system created by  
18       section 88-109;

19       (8) Hawaii hurricane relief fund established under chapter  
20       431P;



- 1           (9)   Hawaii health systems corporation special funds and  
2           the subaccounts of its regional system boards;  
3           (10)   Universal service fund established under section  
4           269-42;  
5           (11)   Emergency and budget reserve fund under section  
6           328L-3;  
7           (12)   Public schools special fees and charges fund under  
8           section 302A-1130;  
9           (13)   Sport fish special fund under section 187A-9.5;  
10          (14)   Neurotrauma special fund under section 321H-4;  
11          (15)   Glass advance disposal fee established by section  
12          342G-82;  
13          (16)   Center for nursing special fund under section  
14          304A-2163;  
15          (17)   Passenger facility charge special fund established by  
16          section 261-5.5;  
17          (18)   Solicitation of funds for charitable purposes special  
18          fund established by section 467B-15;  
19          (19)   Land conservation fund established by section 173A-5;  
20          (20)   Court interpreting services revolving fund under  
21          section 607-1.5;



- 1 (21) Trauma system special fund under section 321-22.5;
- 2 (22) Hawaii cancer research special fund;
- 3 (23) Community health centers special fund;
- 4 (24) Emergency medical services special fund;
- 5 (25) Rental motor vehicle customer facility charge special
- 6 fund established under section 261-5.6;
- 7 (26) Shared services technology special fund under section
- 8 27-43;
- 9 (27) Automated victim information and notification system
- 10 special fund established under section 353-136;
- 11 (28) Deposit beverage container deposit special fund under
- 12 section 342G-104;
- 13 (29) Hospital sustainability program special fund under
- 14 section 346G-4;
- 15 (30) Nursing facility sustainability program special fund
- 16 under section 346F-4;
- 17 (31) Hawaii 3R's school improvement fund under section
- 18 302A-1502.4;
- 19 (32) After-school plus program revolving fund under section
- 20 302A-1149.5;



1 (33) Civil monetary penalty special fund under section

2 321-30.2; and

3 [†](34)[†] Stadium development special fund under section

4 109-3.5,

5 shall deduct five per cent of all receipts of all other special

6 funds, which deduction shall be transferred to the general fund

7 of the State and become general realizations of the State. All

8 officers of the State and other persons having power to allocate

9 or disburse any special funds shall cooperate with the director

10 in effecting these transfers. To determine the proper revenue

11 base upon which the central service assessment is to be

12 calculated, the director shall adopt rules pursuant to chapter

13 91 for the purpose of suspending or limiting the application of

14 the central service assessment of any fund. No later than

15 twenty days prior to the convening of each regular session of

16 the legislature, the director shall report all central service

17 assessments made during the preceding fiscal year."

18 SECTION 6. Section 36-30, Hawaii Revised Statutes, is

19 amended by amending subsection (a) to read as follows:

20 "(a) Each special fund, except the:





- 1           (1) Special out-of-school time instructional program fund
- 2                   under section 302A-1310;
- 3           (2) School cafeteria special funds of the department of
- 4                   education;
- 5           (3) Special funds of the University of Hawaii;
- 6           (4) Special funds established by section 206E-6;
- 7           (5) Aloha Tower fund created by section 206J-17;
- 8           (6) Funds of the employees' retirement system created by
- 9                   section 88-109;
- 10          (7) Hawaii hurricane relief fund established under chapter
- 11                   431P;
- 12          (8) Convention center enterprise special fund established
- 13                   under section [~~201B-8,~~] 201-G;
- 14          (9) Hawaii health systems corporation special funds and
- 15                   the subaccounts of its regional system boards;
- 16          (10) Universal service fund established under section
- 17                   269-42;
- 18          (11) Emergency and budget reserve fund under section
- 19                   328L-3;
- 20          (12) Public schools special fees and charges fund under
- 21                   section 302A-1130;



- 1 (13) Sport fish special fund under section 187A-9.5;
- 2 (14) Neurotrauma special fund under section 321H-4;
- 3 (15) Center for nursing special fund under section 304A-
- 4 2163;
- 5 (16) Passenger facility charge special fund established by
- 6 section 261-5.5;
- 7 (17) Court interpreting services revolving fund under
- 8 section 607-1.5;
- 9 (18) Trauma system special fund under section 321-22.5;
- 10 (19) Hawaii cancer research special fund;
- 11 (20) Community health centers special fund;
- 12 (21) Emergency medical services special fund;
- 13 (22) Rental motor vehicle customer facility charge special
- 14 fund established under section 261-5.6;
- 15 (23) Shared services technology special fund under section
- 16 27-43;
- 17 (24) Nursing facility sustainability program special fund
- 18 established pursuant to section 346F-4;
- 19 (25) Automated victim information and notification system
- 20 special fund established under section 353-136;



(26) Hospital sustainability program special fund under section 346G-4;

(27) Civil monetary penalty special fund under section 321-30.2; and

[+](28)[+] Stadium development special fund under section 109-3.5,

shall be responsible for its pro rata share of the administrative expenses incurred by the department responsible for the operations supported by the special fund concerned."

SECTION 7. Section 46-11, Hawaii Revised Statutes, is amended to read as follows:

**"§46-11 Federal flood insurance.** The [~~Hawaii tourism authority~~] office of tourism in regard to the convention center district and the mayor or executive officer and the council of the various counties, in regard to the respective counties, may participate and apply on behalf of their respective district and counties for flood insurance coverage pursuant to any applicable provisions of Public Law 1016, Eighty-fourth Congress, Second Session, (70 Stat. 1078). The [~~Hawaii tourism authority,~~] office of tourism, in regard to the convention center district, and the mayor or executive officer and the council of the



1 various counties, in regard to the respective counties, shall be  
2 vested with the functions, powers, and duties which are  
3 necessary to enable their respective district and counties to  
4 qualify, participate, and apply for the flood insurance  
5 coverage."

6 SECTION 8. Section 88-9, Hawaii Revised Statutes, is  
7 amended by amending subsection (d) to read as follows:

8 "(d) A retirant may be employed without reenrollment in  
9 the system and suffer no loss or interruption of benefits  
10 provided by the system or under chapter 87A if the retirant is  
11 employed:

12 (1) As an elective officer pursuant to section 88-42.6(c)  
13 or as a member of the legislature pursuant to section  
14 88-73(d);

15 (2) As a juror or precinct official;

16 (3) As a part-time or temporary employee excluded from  
17 membership in the system pursuant to section 88-43, as  
18 a session employee excluded from membership in the  
19 system pursuant to section 88-54.2, ~~[as the president~~  
20 ~~and chief executive officer of the Hawaii tourism~~  
21 ~~authority excluded from membership in the system~~



1       ~~pursuant to section 201B-2,~~] or as any other employee  
2       expressly excluded by law from membership in the  
3       system; provided that:

4       (A)   The retirant was not employed by the State or a  
5             county during the six calendar months prior to  
6             the first day of reemployment; and

7       (B)   No agreement was entered into between the State  
8             or a county and the retirant, prior to the  
9             retirement of the retirant, for the return to  
10            work by the retirant after retirement;

11       (4)   In a position identified by the appropriate  
12             jurisdiction as a labor shortage or difficult-to-fill  
13             position; provided that:

14       (A)   The retirant was not employed by the State or a  
15             county during the twelve calendar months prior to  
16             the first day of reemployment;

17       (B)   No agreement was entered into between the State  
18             or a county and the retirant, prior to the  
19             retirement of the retirant, for the return to  
20             work by the retirant after retirement; and



(C) Each employer shall contribute to the pension accumulation fund the required percentage of the rehired retirant's compensation to amortize the system's unfunded actuarial accrued liability; or

(5) As a teacher or an administrator in a teacher shortage area identified by the department of education or in a charter school or as a mentor for new classroom teachers; provided that:

(A) The retirant was not employed by the State or a county during the twelve calendar months prior to the first day of reemployment;

(B) No agreement was entered into between the State or a county and the retirant prior to the retirement of the retirant, for the return to work by the retirant after retirement; and

(C) The department of education or charter school shall contribute to the pension accumulation fund the required percentage of the rehired retirant's compensation to amortize the system's unfunded actuarial accrued liability."



1 SECTION 9. Section 171-173, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 "[~~§~~§171-173~~§~~] **Turtle Bay appraisal and due diligence.**

4 Any appraisal and due diligence completed by the [~~Hawaii tourism~~  
5 ~~authority~~] office of tourism may be used by the department of  
6 land and natural resources for the acquisition of the Turtle Bay  
7 conservation easement and other real property interests."

8 SECTION 10. Section 206E-34, Hawaii Revised Statutes, is  
9 amended by amending subsection (c) to read as follows:

10 "(c) The Hawaii community development authority shall:

11 (1) Designate and develop the state-owned land for the  
12 cultural public market;

13 (2) Accept, for consideration, input regarding the  
14 establishment of the cultural public market from the  
15 following departments and agencies:

16 (A) The department of agriculture;

17 (B) The department of business, economic development,  
18 and tourism;

19 (C) The department of land and natural resources; and

20 (D) The department of labor and industrial relations;

21 [~~and~~



1           ~~(E) The Hawaii tourism authority,~~

2           (3) Consider and determine the propriety of using  
3           public-private partnerships in the development and  
4           operation of the cultural public market;

5           (4) Develop, distribute, and accept requests for proposals  
6           from private entities for plans to develop and operate  
7           the cultural public market; and

8           (5) Ensure that the Hawaiian culture is the featured  
9           culture in the cultural public market."

10          SECTION 11. Section 225P-3, Hawaii Revised Statutes, is  
11   amended by amending subsection (c) to read as follows:

12          "(c) The commission shall include the following members:

13          (1) The chairs of the standing committees of the  
14          legislature with subject matter jurisdiction  
15          encompassing environmental protection and land use;

16          (2) The chairperson of the board of land and natural  
17          resources or the chairperson's designee, who shall be  
18          the co-chair of the commission;

19          (3) The director of the office of planning and sustainable  
20          development or the director's designee, who shall be  
21          the co-chair of the commission;





- 1           (4) The director of business, economic development, and  
2           tourism or the director's designee;
- 3       ~~[(5) The chairperson of the board of directors of the~~  
4       ~~Hawaii tourism authority or the chairperson's~~  
5       ~~designee;~~
- 6       ~~+(6)]~~ (5) The chairperson of the board of agriculture or  
7       the chairperson's designee;
- 8       ~~[(7)]~~ (6) The chief executive officer of the office of  
9       Hawaiian affairs or the officer's designee;
- 10      ~~[(8)]~~ (7) The chairperson of the Hawaiian homes commission  
11      or the chairperson's designee;
- 12      ~~[(9)]~~ (8) The director of transportation or the director's  
13      designee;
- 14      ~~[(10)]~~ (9) The director of health or the director's  
15      designee;
- 16      ~~[(11)]~~ (10) The adjutant general or the adjutant general's  
17      designee;
- 18      ~~[(12)]~~ (11) The chairperson of the board of education or the  
19      chairperson's designee;
- 20      ~~[(13)]~~ (12) The directors of each of the county planning  
21      departments, or the directors' designees; and



1       [~~(14)~~] (13)   The manager of the coastal zone management  
2                   program."

3       SECTION 12.   Section 237-24.75, Hawaii Revised Statutes, is  
4   amended to read as follows:

5       "**§237-24.75   Additional exemptions.**   In addition to the  
6   amounts exempt under section 237-24, this chapter shall not  
7   apply to:

8       (1)   Amounts received as a beverage container deposit  
9             collected under chapter 342G, part VIII;

10      (2)   Amounts received by the operator of the Hawaii  
11             convention center for reimbursement of costs or  
12             advances made pursuant to a contract with the [~~Hawaii~~  
13             ~~tourism authority~~] office of tourism under section  
14             [~~201B-7;~~] 201-F; and

15      (3)   Amounts received by a professional employer  
16             organization that is registered with the department of  
17             labor and industrial relations pursuant to chapter  
18             373L, from a client company equal to amounts that are  
19             disbursed by the professional employer organization  
20             for employee wages, salaries, payroll taxes, insurance  
21             premiums, and benefits, including retirement,



1 vacation, sick leave, health benefits, and similar  
2 employment benefits with respect to covered employees  
3 at a client company; provided that this exemption  
4 shall not apply to amounts received by a professional  
5 employer organization after:

6 (A) Notification from the department of labor and  
7 industrial relations that the professional  
8 employer organization has not fulfilled or  
9 maintained the registration requirements under  
10 this chapter; or

11 (B) A determination by the department that the  
12 professional employer organization has failed to  
13 pay any tax withholding for covered employees or  
14 any federal or state taxes for which the  
15 professional employer organization is  
16 responsible.

17 As used in this paragraph, "professional employer  
18 organization", "client company", and "covered  
19 employee" shall have the meanings provided in section  
20 373L-1."



1       SECTION 13. Section 237D-6.5, Hawaii Revised Statutes, is  
2 amended by amending subsection (b) to read as follows:

3       "(b) Except for the revenues collected pursuant to section  
4 237D-2(e), revenues collected under this chapter shall be  
5 distributed in the following priority, with the excess revenues  
6 to be deposited into the general fund:

7       (1) \$1,500,000 shall be allocated to the Turtle Bay  
8 conservation easement special fund beginning July 1,  
9 2015, for the reimbursement to the state general fund  
10 of debt service on reimbursable general obligation  
11 bonds, including ongoing expenses related to the  
12 issuance of the bonds, the proceeds of which were used  
13 to acquire the conservation easement and other real  
14 property interests in Turtle Bay, Oahu, for the  
15 protection, preservation, and enhancement of natural  
16 resources important to the State, until the bonds are  
17 fully amortized;

18       (2) \$11,000,000 shall be allocated to the convention  
19 center enterprise special fund established under  
20 section [~~201B-8,~~] 201-G;



1           (3) An allocation shall be deposited into the tourism  
2           emergency special fund, established in section  
3           ~~[201B-10,]~~ 201-I, in a manner sufficient to maintain a  
4           fund balance of \$5,000,000 in the tourism emergency  
5           special fund; and

6           (4) \$3,000,000 shall be allocated to the special land and  
7           development fund established under section 171-19;  
8           provided that the allocation shall be expended in  
9           accordance with the Hawaii tourism authority strategic  
10          plan for:

11          (A) The protection, preservation, maintenance, and  
12          enhancement of natural resources, including  
13          beaches, important to the visitor industry;

14          (B) Planning, construction, and repair of facilities;  
15          and

16          (C) Operation and maintenance costs of public lands,  
17          including beaches, connected with enhancing the  
18          visitor experience.

19          All transient accommodations taxes shall be paid into the  
20          state treasury each month within ten days after collection and



1 shall be kept by the state director of finance in special  
2 accounts for distribution as provided in this subsection."

3 PART III

4 SECTION 14. Chapter 201B, Hawaii Revised Statutes, is  
5 repealed.

6 PART IV

7 SECTION 15. All rights, powers, functions, and duties of  
8 the Hawaii tourism authority are transferred to the department  
9 of business, economic development, and tourism.

10 All officers and employees whose functions are transferred  
11 by this Act shall be transferred with their functions and shall  
12 continue to perform their regular duties upon their transfer,  
13 subject to the state personnel laws and this Act.

14 No officer or employee of the State having tenure shall  
15 suffer any loss of salary, seniority, prior service credit,  
16 vacation, sick leave, or other employee benefit or privilege as  
17 a consequence of this Act, and such officer or employee may be  
18 transferred or appointed to a civil service position without the  
19 necessity of examination; provided that the officer or employee  
20 possesses the minimum qualifications for the position to which  
21 transferred or appointed; and provided that subsequent changes



1 in status may be made pursuant to applicable civil service and  
2 compensation laws.

3 An officer or employee of the State who does not have  
4 tenure and who may be transferred or appointed to a civil  
5 service position as a consequence of this Act shall become a  
6 civil service employee without the loss of salary, seniority,  
7 prior service credit, vacation, sick leave, or other employee  
8 benefits or privileges and without the necessity of examination;  
9 provided that such officer or employee possesses the minimum  
10 qualifications for the position to which transferred or  
11 appointed.

12 If an office or position held by an officer or employee  
13 having tenure is abolished, the officer or employee shall not  
14 thereby be separated from public employment, but shall remain in  
15 the employment of the State with the same pay and classification  
16 and shall be transferred to some other office or position for  
17 which the officer or employee is eligible under the personnel  
18 laws of the State as determined by the head of the department or  
19 the governor.

20 SECTION 16. All rules, policies, procedures, guidelines,  
21 and other material adopted or developed by the Hawaii tourism



1 authority to implement provisions of the Hawaii Revised Statutes  
2 that are reenacted or made applicable to the department of  
3 business, economic development, and tourism by this Act shall  
4 remain in full force and effect until amended or repealed by the  
5 department of business, economic development, and tourism  
6 pursuant to chapter 91, Hawaii Revised Statutes.

7 In the interim, every reference to the Hawaii tourism  
8 authority or president and chief executive officer of the Hawaii  
9 tourism authority in those rules, policies, procedures,  
10 guidelines, and other material is amended to refer to the  
11 department of business, economic development, and tourism or  
12 director of business, economic development, and tourism, as  
13 appropriate.

14 SECTION 17. All deeds, leases, contracts, loans,  
15 agreements, permits, or other documents executed or entered into  
16 by or on behalf of the Hawaii tourism authority, pursuant to the  
17 provisions of the Hawaii Revised Statutes, that are reenacted or  
18 made applicable to the department of business, economic  
19 development, and tourism by this Act shall remain in full force  
20 and effect. Upon the effective date of this Act, every  
21 reference to the Hawaii tourism authority or the president and





1 chief executive officer of the Hawaii tourism authority therein  
2 shall be construed as a reference to the department of business,  
3 economic development, and tourism or the director of business,  
4 economic development, and tourism, as appropriate.

5 SECTION 18. All appropriations, records, equipment,  
6 machines, files, supplies, contracts, books, papers, documents,  
7 maps, and other personal property heretofore made, used,  
8 acquired, or held by the Hawaii tourism authority relating to  
9 the functions transferred to the department of business,  
10 economic development, and tourism shall be transferred with the  
11 functions to which they relate.

12 PART V

13 SECTION 19. There is appropriated out of the general  
14 revenues of the State of Hawaii the sum of \$ or so much  
15 thereof as may be necessary for fiscal year 2022-2023 for the  
16 operations of the office of tourism and tourism commission  
17 established in part II of this Act.

18 The sum appropriated shall be expended by the department of  
19 business, economic development, and tourism for the purposes of  
20 this part.

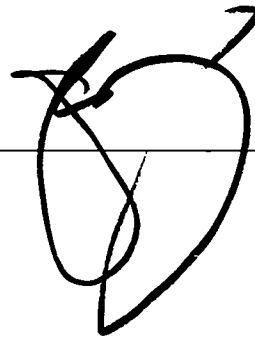


PART VI

SECTION 20. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 21. This Act shall take effect on July 1, 2022; provided that the amendments made to section 237D-6.5(b), Hawaii Revised Statutes, by section 14 of this Act shall not be repealed when section 237D-6.5(b), Hawaii Revised Statutes, is reenacted on June 30, 2023, pursuant to section 9 of Act 229, Session Laws of Hawaii 2021.

INTRODUCED BY: \_\_\_\_\_

A handwritten signature in black ink, consisting of a large, stylized loop with a smaller loop inside, and a horizontal line extending to the right.

# S.B. NO. 2573

**Report Title:**

DBEDT; Hawaii Tourism Authority; Repeal; Office of Tourism;  
Tourism Commission; Appropriation

**Description:**

Establishes an Office of Tourism and a Tourism Commission within the Department of Business, Economic Development, and Tourism. Dissolves the Hawaii Tourism Authority and transfers certain functions to the Office of Tourism. Prohibits the Office of Tourism from conducting tourism marketing in-house but requires the Office of Tourism to contract with a qualified organization to conduct tourism marketing. Appropriates moneys.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

