

STAND. COM. REP. NO. 3506

Honolulu, Hawaii

**MAR 24 2022**

RE: H.B. No. 1785  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committees on Energy, Economic Development, and Tourism and Government Operations, to which was referred H.B. No. 1785, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO TOURISM GOVERNANCE,"

beg leave to report as follows:

The purpose and intent of this measure is to require the Legislative Reference Bureau to conduct a study that identifies and analyzes alternative tourism governance systems and to submit a report to the Legislature of potential tourism governance options for its consideration.

Your Committees received testimony in support of this measure from the Hawaii Tourism Authority, Maui Chamber of Commerce, and two individuals.

Your Committees received testimony in opposition to this measure from one individual.

Your Committees received comments on this measure from the Department of Budget and Finance, Legislative Reference Bureau, and State Procurement Office.

Your Committees recognize the significance of tourism to the State's economy but are also cognizant of the strain that tourism



places on our daily lives and infrastructure. Further, your Committees share the long-standing concern that the Hawaii Tourism Authority's 2020 adopted destination management strategic plan will face the same fate as its 2005-15 strategic plan, which lacked a formal system and failed to achieve lasting results.

To ensure a lasting achievement of the destination management plan with its four major "pillars," your Committees believe that establishing those goals and objectives in statute and aligning the Hawaii Tourism Authority's organizational structure would enhance the authority's ability to execute the governance recommendations resulting from the governance study.

Your Committees believe the following amendments will align the Hawaii Tourism Authority's current mission with its destination management action plans, facilitate the execution of its plans more quickly and effectively, and improve the Authority's accountability:

- (1) Utilizing part III of SB No. 106, which defines destination management objectives, and placing that language into the measure;
- (2) Establishing an organizational structure that broadens the Hawaii's Tourism Authority's functions beyond branding and culture by adding the other destination management functions - community and environment - to ensure the organizational objectives are aligned with the organizational structure;
- (3) Aligning appropriations to the authority with objectives, functions, and actions, by providing five funding mechanisms to allow the Hawaii Tourism Authority to execute its four pillars and also meet administrative expenses. The appropriations, in addition to the necessary administrative budget, are as follows:
  - (A) Hawaiian Culture - \$12,903,800;
  - (B) Natural Resources - \$7,652,500;
  - (C) Community - \$16,436,783; and



(D) Branding - \$15,322,500.

Your Committees note that the total Hawaii Tourism Authority budget proposed in this measure totals \$60,000,000, which is what the Hawaii Tourism Authority Board has approved. In contrast, the House of Representatives budget has \$1;

- (4) Prohibiting any contractor hired to address one pillar from engaging in responsibilities for multiple pillars. For example, a branding contractor cannot perform work in the community or cultural pillars when that is not their area of expertise; and
- (5) Requiring that all branding contracts be performance based.

In summary, your Committees find that part I of this measure will better achieve the expected study results of alternative tourism governance options. While your Committees look forward to the results of the required study in 2025, your Committees believe that, in the meantime, these amendments will conform the statute to the destination management action plans and enable the authority to continue to act on its destination management action plans. Further, the revamping of the Hawaii Tourism Authority will clearly be set up to support the four pillars. Your Committees also find that adding \$60,000,000 will assist the Hawaii Tourism Authority to execute its responsibilities in this new direction.

Accordingly, your Committees have amended this measure by:

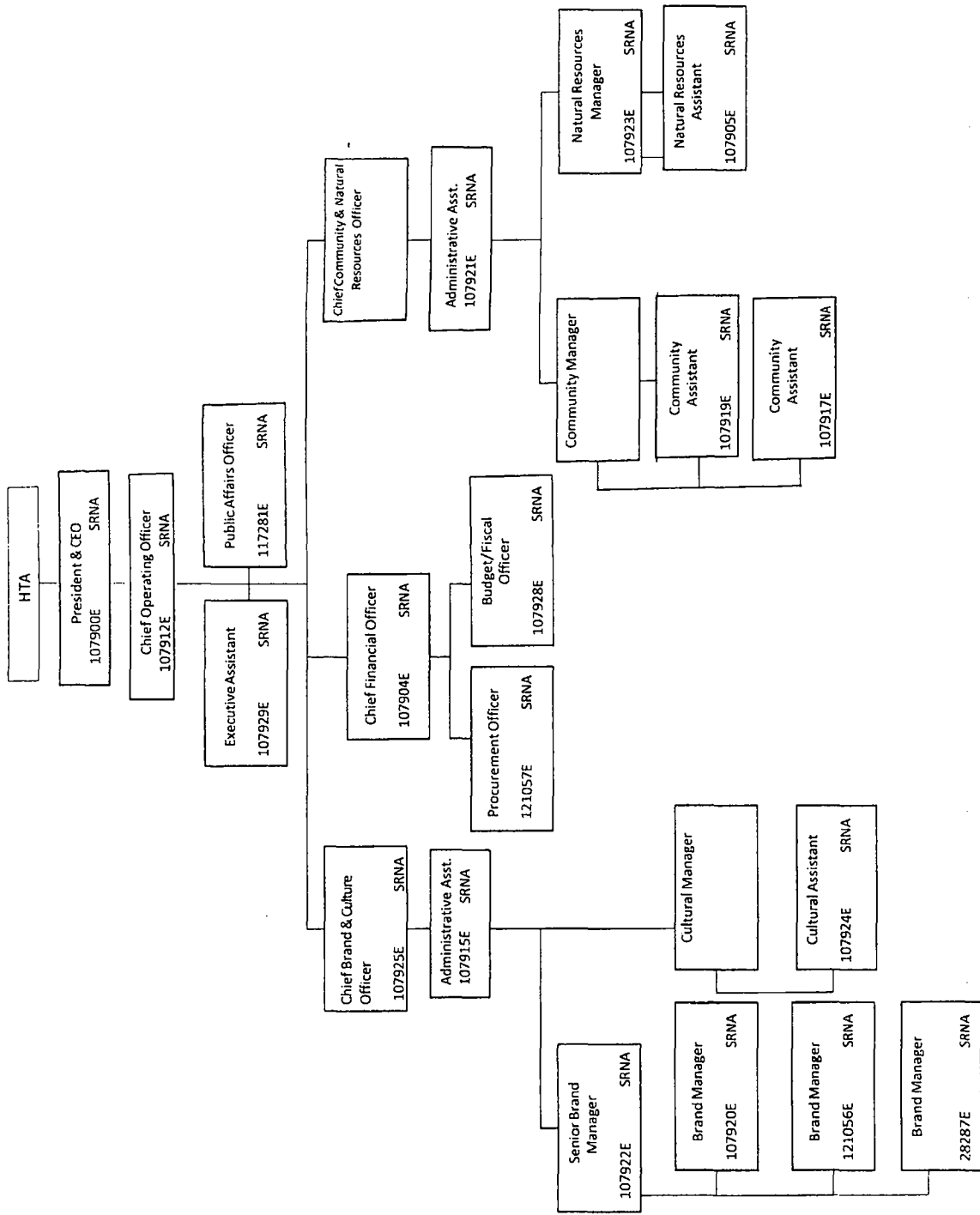
- (1) Establishing in statute the four core functions under which the Hawaii Tourism Authority shall operate programs;
- (2) Requiring the Hawaii Tourism Authority to perform actions specified in the Authority's destination management action plans;
- (3) Prohibiting the Authority from contracting with entities for services or programs that fall within more than one of the four core functions;



- (4) Requiring all branding contracts to be performance-based;
- (5) Requiring the organization of the Hawaii Tourism Authority to reflect the four core functions, and establishing applicable positions; and
- (6) Appropriating moneys to the Hawaii Tourism Authority.

Your Committees note that the following organizational chart, reflecting a focus on the four "pillars" or core functions of the Hawaii Tourism Authority, graphically depicts your Committees' intended organizational structure of the Hawaii Tourism Authority, as contemplated under this measure:





Your Committees note that all existing employees will be retained, but that some of the positions will be redescribed.

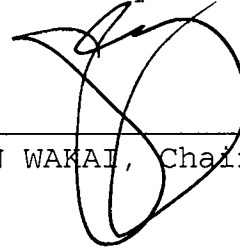
As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1785, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1785, H.D. 1, S.D. 1, and be referred to your Committees on Labor, Culture and the Arts and Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Energy, Economic  
Development, and Tourism and  
Government Operations,



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SHARON MORIWAKI, Chair




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GLENN WAKAI, Chair



The Senate  
 Thirty-First Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Energy, Economic Development, and Tourism**  
**EET**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1785 HD 1	EET/EVO, LCA/WAM	3/23/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	✓			
MISALUCHA, Bennette E. (VC)	✓			
LEE, Chris	✓			
RIVIERE, Gil	✓			
FEVELLA, Kurt				✓
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

\*Only one measure per Record of Votes

