

STAND. COM. REP. NO.

2699

Honolulu, Hawaii

FEB 18 2022

RE: S.B. No. 1065
S.D. 2

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

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 1065, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Include best practice destination management and regenerative tourism under the scope and responsibilities of the Hawaii Tourism Authority (HTA);
- (2) Require HTA to develop a tourism management plan that includes tourism marketing, best practice destination management, and regenerative tourism; and
- (3) Require HTA to allocate most marketing moneys to the respective county economic development offices for visitor marketing contracts and nonprofits that benefit the county.

Your Committee received testimony in support of this measure from eight individuals. Your Committee received testimony in opposition to this measure from the Hawaii Tourism Authority, County of Hawai'i Office of the Mayor, City and County of Honolulu's Office of Economic Revitalization, County of Hawaii's



Department of Research and Development, Maui Hotel & Lodging Association, Kohala Coast Resort Association, Kahala Hotel & Resort, Kona-Kohala Chamber of Commerce, Hawai'i Hotel Alliance, American Hotel and Lodging Association, Kaanapali Operations Association Inc., Hawai'i Lodging & Tourism Association, County of Maui's Office of Economic Development, Outrigger Hospitality Group, The Old Wailuku Inn at Ulupono, Springboard Hospitality, Hanalei Colony Resort, and twelve individuals.

Your Committee finds that the first two parts of this measure better align with HTA's updated mission to focus on visitor and designation management. Your Committee recognizes the majority of the testimony in opposition to the measure applies to part III of this measure, which requires HTA to allocate ninety-seven percent of its marketing funds to each county's economic development office based on the percentage of visitor arrivals in each county to finance visitor marketing contracts and nonprofits that benefit the county.

According to testimony received by your Committee, marketing efforts are best leveraged for the State when they are centralized, and certain county economic development offices do not have enough expertise to efficiently promote the county as a visitor destination. Multiple testifiers also stated that an allocation of marketing funds based on visitor arrivals reinforces the demand for visitor quantity, which is contrary to HTA's updated focus on visitor quality and may also be detrimental to current resident sentiment within and among the counties.

Your Committee further recognizes that with its updated focus on visitor and destination management, HTA, in partnership with the counties and the respective visitor bureaus, coherently and expeditiously developed community-based destination management action plans (DMAPs) that aim to rebuild, redefine, and reset the direction of tourism over a three-year period. Each DMAP focuses on the stabilization, recovery, and rebuilding of the desired visitor industry on each island. Testimony from the County of Hawaii's Department of Research and Development acknowledges that the implementation of the action steps in its DMAP has contributed to the renewal of the visitor sector on Hawaii Island in a responsible, regenerative, and pono (righteous) manner as the coronavirus disease 2019 pandemic continues.



Accordingly, your Committee has amended this measure by:

- (1) Removing the requirement for HTA to allocate most of its marketing funds to the respective county economic development offices for visitor marketing contracts and nonprofits that benefit the county;
- (2) Codifying the objectives and action items for HTA within the:
 - (A) Oahu DMAP 2021 to 2024;
 - (B) Maui Nui DMAP 2021 to 2023;
 - (C) Hawaii Island DMAP 2021 to 2023; and
 - (D) Kauai DMAP 2021 to 2023;
- (3) Appropriating unspecified amounts to HTA to carry out the action items for each DMAP; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1065, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1065, S.D. 2, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism,



GLENN WAKAI Chair



