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GOVERNOR OF
HAWAII



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STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the Senate Committees on
LABOR, CULTURE AND THE ARTS
and
WAYS AND MEANS

Thursday, April 7, 2022
10:10 AM

State Capitol, Conference Room 211, Via Videoconference

In consideration of
HOUSE BILL 1785, HOUSE DRAFT 1, SENATE DRAFT 1
RELATING TO TOURISM GOVERNANCE

House Bill 1785, House Draft 1, Senate Draft 1 proposes to: 1) require the Legislative Reference Bureau (LRB) to conduct a study that identifies and analyzes alternative tourism governance systems, establishes the 4 pillars under which the Hawaii Tourism Authority (HTA) shall operate programs: Hawaiian culture, natural resources, community, and branding; 2) prohibit entities from being contracted for services or programs that fall within more than one of the four pillars and requires all branding contracts to be performance-based; 3) require HTA to perform actions specified in the Authority's destination management action plans and prescribes the organizational structure for the Authority. **The Department of Land and Natural Resources (Department) offers the following comments on this measure.**

Overtourism has been identified as a leading challenge at global visitor destinations, and Hawaii has been subject to these same market forces for decades. Then, in 2019 Hawaii out of state visitation topped ten million – setting a record for visitor patronage. In 2020 the pandemic impacted Hawaii and the tourism industry temporarily ceased – an unprecedented experience for Hawaii residents.

This temporary lull prompted a re-examination of Hawaii tourism, particularly the role of HTA and a reevaluation of the necessity of marketing and promotion vs visitor management strategies. HTA has pivoted in its mission to transition towards engaging in visitor management, creating the “destination management action plans” (DMAPs) due to the considerable interest among Hawaii’s residents and government to re-evaluate how Hawaii attracts and manages the tourism

industry and ancillary impacts. The bill states that HTA through the DMAPS shall “support the maintenance, enhancement and protection of each county’s natural resources.” ***This is the core of the Department’s mission.***

One of the additional elements of the study to be conducted by LRB is to identify approaches to “assure balanced access to publicly maintained attractions, such as scenic and recreational areas, between resident and visitors.” This element of the study comports with the Department’s current objective for State Parks: seeking methods to achieve that balance by using such tools as reservation systems and gratis access for residents. Additionally, the bill calls for the study to adapt tourism messaging to promote responsible and respectful visitation – this has been challenging for public land managers due to messaging through irresponsible social media that oftentimes promotes access to areas where it is either culturally or environmentally inappropriate, or simply dangerous.

In regard to the provisions of the bill that proposes to reorganize HTA, the Department defers to HTA on the implications of this measure and the intent to change its internal operating structure. It is time to reevaluate Hawaii tourism and deploy new methods and strategies to reduce impact to Hawaii residents and our natural and cultural resources – and in doing so improve the quality of the outdoor experience for both residents and visitors alike. This proposed study by LRB may be warranted.

Thank you for the opportunity to comment on this measure.

Charlotte A. Carter-Yamauchi
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Written Comments

HB1785 HD1 SD1
RELATING TO TOURISM GOVERNANCE

Charlotte A. Carter-Yamauchi, Director
Legislative Reference Bureau

Presented to the Senate Committees on Labor, Culture and the Arts and Ways and Means

Thursday, April 7, 2022, 10:10 a.m.
Conference Room 211
Via Videoconference

Chairs Taniguchi and Dela Cruz and Members of the Committees:

Good morning, Chairs Taniguchi and Dela Cruz and members of the Committees. My name is Charlotte Carter-Yamauchi, and I am the Director of the Legislative Reference Bureau. Thank you for providing the opportunity to submit written comments on H.B. No. 1785, H.D. 1, S.D. 1, Relating to Tourism Governance.

The purpose of this measure is to:

- (1) Require the Bureau to conduct a two-year study that identifies and analyzes alternative tourism governance systems;
- (2) Establish in statute four core functions under which the Hawaii Tourism Authority shall operate programs;
- (3) Require the Hawaii Tourism Authority to perform actions specified in the Authority's destination management action plans;
- (4) Prohibit the Authority from contracting with entities for services or programs that fall within more than one of the four core functions;

- (5) Require all branding contracts to be performance-based;
- (6) Require the organization of the Hawaii Tourism Authority to reflect the four core functions, and establish applicable positions; and
- (7) Appropriate moneys to the Hawaii Tourism Authority.

The Bureau takes no position on the merits of the measure but submits for your consideration the following comments on Part I of the bill, relating to the tourism governance study to be conducted by the Bureau.

More specifically, Part I of the measure requires the Bureau to conduct a study that identifies and analyzes actual and proposed alternative tourism governance systems used or proposed to be used in locations that are reasonably similar to Hawaii, and appropriates an unspecified sum for this purpose.

The measure further requires the Bureau to publish a draft report, including a proposed summary for public review purposes, no later than October 1, 2024, and to use the summary as a basis for an extensive statewide publicity and stakeholder input program lasting at least two months, including both electronic and in-person public meetings if feasible, as well as surveys of the general community, the business community, and interviews with key legislators, chief executives, and administrative department heads at both state and county levels of government. The measure then requires the Bureau to submit a final report of potential options for tourism governance systems to the Legislature, for consideration no later than twenty days prior to the convening of the Regular Session of 2025. Finally, the measure allows the Bureau to contract the services of a consultant or consultants to perform all or some of the duties required with the funds appropriated in measure. Any procurement of services pursuant to the measure would be exempt from Chapter 103D, Hawaii Revised Statutes.

The Bureau believes that, if adequate funding is provided for the contracting of services to perform the study, and the scope of the measure is not amended, then the project should be manageable and the Bureau should be able to provide the services requested under the measure. The foregoing is subject to the caveat that the Bureau's interim workload is not adversely impacted by too many additional responsibilities, such as conducting additional studies, writing or finalizing other reports, drafting legislation, or any combination of these responsibilities for the Legislature or for other state agencies, task forces, or working groups that may be requested or required by other legislative measures.

If the Committees decide to recommend passage of this measure, the Bureau requests that, since the study required under this measure is a multi-year project, language be inserted into the expenditure provisions of SECTION 4 to state that the moneys

appropriated to the Bureau will not lapse at the end of Fiscal Year 2022-2023, and that all unexpended or unencumbered moneys from the appropriation will lapse at the end of Fiscal Year 2023-2024.

Thank you again for the opportunity to submit written comments.



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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEES
ON
LABOR, CULTURE AND THE ARTS
AND
WAYS AND MEANS

APRIL 7, 2022, 10:10 AM

HOUSE BILL 1785, HD1, SD1
RELATING TO TOURISM GOVERNANCE

Chair Taniguchi, Chair Dela Cruz, Vice Chair Ihara, Vice Chair Keith-Agaran, and members of the committees, thank you for the opportunity to submit testimony on HB1785, HD1, SD1. The State Procurement Office (SPO) opposes the exemption language on page 11, SECTION 5, lines 15 -17 set forth below.

“Any procurement of services pursuant to this Act shall be exempt from chapter 103D, Hawaii Revised Statutes.”

SPO suggests the following revised language:

“Any procurement of services pursuant to this Act shall be ~~exempt from~~ pursuant to chapter 103D, Hawaii Revised Statutes.”

The SPO objects to the procurement exemption and testifies that consultant services pursuant to this Act should be competitively procured OR use the National Association of State Procurement Officials (NASPO) of which Hawaii is a member, SPO Vendor List 19-19, “NASPO ValuePoint Procurement of Acquisition Support Services (PASS).”

The State of Hawaii has fully executed contracts with 12 Contractors, who are named as authorized Contractors in SPO Vendor List Contract No. 19-19. The following 13 categories are included in the contract for acquisition support services:

- Specifications/Scope of Work Review
- Procurement Strategy/Acquisition Strategy Plan
- Independent Government Cost Estimate
- Market Research
- Cost & Pricing Analysis

- Solicitation Review or Preparation
- Source Selection
- Cost Realism Analysis
- Contract Development/Contract Formation
- Contract Management
- Vendor Performance Evaluation Program
- Procurement Policy
- Category Management.

Chapter 103D, Hawaii Revised Statutes, the Hawaii Public Procurement Code (code), is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion, or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with both HRS chapter 103D and 103F conveys a sense of disproportionate equality in the law's application.

Exemptions to the code mean that all procurements made with taxpayer monies will not have the same oversight, accountability and transparency requirements mandated by those procurements processes provided in the code. It means that there is no requirement for due diligence, proper planning or consideration of protections for the state in contract terms and conditions, nor are there any set requirements to conduct cost and price analysis and market research or post-award contract management. As such, Agencies can choose whether to compete any procurement or go directly to one contractor. As a result, leveraging economies of scale and cost savings efficiencies found in the consistent application of the procurement code are lost. It also means Agencies are not required to adhere to the code's procurement integrity laws.

The National Association of State Procurement Officials state: "Businesses suffer when there is inconsistency in procurement laws and regulations. Complex, arcane procurement rules of numerous jurisdictions discourage competition by raising the costs to businesses to understand and comply with these different rules. Higher costs are recovered through the prices offered by a smaller pool of competitors, resulting in unnecessarily inflated costs to state and local governments."

When public bodies, are removed from the state's procurement code it results in the harm described above. As these entities create their own procurement rules, businesses are forced to track their various practices. Moreover, a public body often can no longer achieve the benefits of aggregation by using another public body's contract because different state laws and regulations may apply to the various public bodies making compliance more difficult.

Each year new procurement laws are applied to state agencies causing state agency contracts to become more complex and costly, while other public bodies, such as agencies with strong legislative influence, are exempted. Relieving some public bodies from some laws by exempting or excluding them from compliance with a common set of legal requirements creates an imbalance wherein the competitive environment becomes different among the various jurisdictions and the entire procurement process becomes less efficient and costlier for the state and vendors.

Thank you.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

GLORIA CHANG
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON LABOR, CULTURE AND THE ARTS AND
WAYS AND MEANS
ON
HOUSE BILL NO. 1785, H.D. 1, S.D. 1

April 7, 2022
10:10 a.m.
Room 211 and Videoconference

RELATING TO TOURISM GOVERNANCE

The Department of Budget and Finance (B&F) offers comments on this bill.

Part I of House Bill (H.B.) No. 1785, H.D. 1, S.D. 1 (H.B. No. 1785), requires the Legislative Reference Bureau (LRB) to conduct a study that identifies and analyzes alternative tourism governance systems; requires the study to include a solicitation of input from certain stakeholder groups; requires a final report to be submitted prior to the convening of the 2025 Legislative Session; and makes an unspecified general fund appropriation for FY 23 to conduct the study. Parts II, III, and IV establishes four pillars under which the Hawai'i Tourism Authority (HTA) shall operate programs: Hawaiian culture, natural resources, community, and branding; prohibits entities from being contracted for services or programs that fall within more than one of the four pillars; requires all branding contracts to be performance-based; requires HTA to perform actions specified in HTA destination management action plans; prescribes the organizational structure for HTA; abolishes 3.00 full-time equivalent (FTE) positions and

establishes 3.00 new FTE positions within HTA; and appropriates a total of \$58,987,690 in general funds for HTA's operations.

B&F has serious concerns with this bill. First, B&F would like to point out that there are two other measures moving through the Legislature that appropriate funds for HTA's operations – H.B. No. 1600, H.D. 1, "the Supplemental Budget Bill," and Senate Bill No. 775, S.D. 2, H.D. 1. B&F strongly believes that the budget bill is the most appropriate vehicle to fund HTA because it provides for baseline funding continuity that facilitates efficient and effective financial planning and programming by HTA. Funding HTA's budget via specific appropriation is not recommended as this introduces a high degree of uncertainty in HTA's base funding every year. B&F also points out that H.B. No. 1600, H.D. 1, removed position counts authorizing HTA's positions for FY 23. Should the Legislature proceed with funding HTA via the supplemental budget bill or a specific appropriation bill, position counts will need to be authorized in the HTA funding measure.

Second, as a matter of general policy, B&F strongly recommends that the Legislature not specify departmental organization through legislation as it ignores procedural matters (position classification actions and union consultation as applicable) crucial to the reorganization process. B&F is concerned with the potential impacts some of the proposed position redescrptions may have on the current incumbents filling the positions as they are presently authorized. The proposed organizational structure in this bill makes wholesale changes on HTA's organization that will likely have an impact on employee position classifications. Additionally, B&F notes that Part II, Section 6, of this measure states, "this measure will not result in the elimination of any employee positions [...]," yet Section 9 of the bill abolishes three positions: Senior Brand

Manager; Brand Manager; and Secretary II. B&F understands from HTA that these positions are currently vacant; however, HTA is in active recruitment to fill the positions.

Third, as Part I of this measure requires the LRB to conduct a study and report to the Legislature on best practice recommendations for an alternative tourism governance system, B&F believes it premature to significantly reorganize HTA's existing governing structure prior to the results of the LRB study. B&F notes that a report is not due until the 2025 Legislative Session; therefore, the earliest that any study-based changes can be implemented would be FY 26.

Fourth, while the Legislature has the authority to appropriate and condition government spending, B&F is concerned that rigid earmarking of HTA's funding for the specific pillars addressed in Sections 10-14 of H.B. No. 1785 removes any flexibility for HTA to reallocate and/or repurpose funds that may be necessary to address changing and/or unforeseen conditions. B&F is similarly concerned that the provisions conditioning and limiting HTA's procurement of contracts also ignores situational needs for flexibility to meet operational requirements and address HTA goals.

Finally, B&F notes that, with respect to the general fund appropriations in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



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Governor

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President and Chief Executive Officer

Statement of
JOHN DE FRIES

Hawai'i Tourism Authority
before the
**COMMITTEE ON LABOR, CULTURE AND THE ARTS
AND
COMMITTEE ON WAYS AND MEANS**

April 7, 2022
10:10 a.m.
State Capitol
via videoconference

In consideration of
**HOUSE BILL NO. 1785 HD1 SD1
RELATING TO TOURISM GOVERNANCE**

Aloha Chair Taniguchi, Chair Dela Cruz, Vice Chair Ihara, Vice Chair Keith-Agaran, and members of the Committee on Labor, Culture and the Arts, and the Committee on Ways and Means.

The Hawai'i Tourism Authority appreciates the opportunity to testify and provide **comments** regarding HB1785 HD1 SD1, which in this draft requires the Legislative Reference Bureau to conduct a study that identifies and analyzes alternative tourism governance systems, codifies HTA's four strategic pillars and commitment to the community-generated Destination Management Action Plans, reorganizes HTA's staff, and appropriates funds for programs and operations.

Part I: Tourism Governance System Study

We reaffirm our support for the study of tourism governance systems in locations reasonably similar to Hawai'i, to learn from the successes and lessons learned in other communities and apply that learning to our collective efforts to Mālama Ku'u Home (care for our beloved home). The Hawai'i Tourism Authority stands ready to assist the Legislative Reference Bureau and its consultant(s) as needed in the course of this study.

Part II: Codifying Destination Management Objectives, Strategic Pillars

HTA's strategic pillars and commitment to destination management have been previously adopted by our board of directors, and we welcome their enshrinement in statute. We also welcome the

statutory requirement that branding contracts be performance-based, to deliver the best value to the State.

We would humbly request that the committee consider making a modification to the language that prohibits contractors from engaging in more than one core functions. We would propose the following language for consideration:

(b) Notwithstanding any other law to the contrary, no entity shall be contracted for services or programs that fall within more than one of the core functions described in subsection (a), provided this subsection shall not apply to an entity with significant knowledge, skills and experience in performing work in an additional core function or functions, and the entity has at least five years of experience providing services and support in the additional core function or functions; provided further that this subsection shall not preclude an entity engaged in branding from incorporating additional core function messaging in its branding strategies, and the entity shall be allowed to engage the appropriate resources within other core functions with the prior approval of the authority.

Parts III and IV: Reorganizing Staff, Appropriating Funds

HTA is appreciative of the hard work that went into crafting this measure, including the level of detail specified in staff reorganization and budget allocation. We would especially like to recognize Senator Glenn Wakai, chair of the Committee on Energy, Economic Development, and Tourism, and Senator Moriwaki, chair of the Committee on Government Operations, for their extensive work with our staff to understand our budget and operations. We would like to call out a few elements of Parts III and IV for comment:

Staff Reorganization & Position Abolishment

We would humbly request that the committees please consider the draft organization chart that was shared with the committee chairs and revised based on the recommendations that were provided to our team. We believe the revised organization chart meets the original intent of the previous committees while allowing us the opportunity to make a few adjustments. We would also request that the three positions that were abolished please be restored as included in our draft organization chart. Additionally, we would request that one additional new position be authorized to help support our efforts related to the destination management action plans. This would place our total authorized positions at 26 positions.

Funding Appropriation

We appreciate the consideration of funding appropriations in this bill, as one vehicle to fund HTA this Legislative session. We would humbly request that the committees please adjust the total funding amount to equal \$60 million. The current measure totals to \$58,987,690 and, based on the committee report, the intent of the committee was to provide a total

April 7, 2022

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funding amount of \$60 million. We would appreciate that the \$1,012,310 be placed in the administrative costs category.

HTA also requests the addition to this measure of two elements from our original budget request: a capital improvement funding of \$64 million to repair the Convention Center rooftop deck, and an expenditure ceiling of \$28.5 million for the Convention Center Enterprise Special Fund.

We sincerely appreciate the diligence and hard work of the Legislature on this measure, and look forward to working with you in the weeks remaining in this session. Mahalo for the opportunity to provide these comments on HB1785 HD1 SD1.

HB-1785-SD-1

Submitted on: 4/4/2022 7:32:36 PM

Testimony for LCA on 4/7/2022 10:10:00 AM

Submitted By	Organization	Testifier Position	Testify
Colin D Moore	Individual	Support	Written Testimony Only

Comments:

Position: STRONG SUPPORT

Aloha Chair Taniguchi, Chair Dela Cruz, and Committee Members:

I am Colin Moore, Director of the Public Policy Center at the University of Hawai‘i at Mānoa. I am testifying today as a private citizen.

I strongly support the tourism governance study proposed in HB1785 HD1 SD1. I believe that an appropriation of \$2 million will provide sufficient resources for extensive consultations with communities across the state. As one of the world's premier destinations, a tourism governance study for Hawai‘i will attract the interest of major consulting firms with the expertise and resources to produce a high-quality report.

We must do all we can to make sure that Hawai‘i tourism maintains the proper balance between generating revenue and contributing to as few social and environmental problems as possible. But the strong resident objections we’ve heard in recent years tells us that such balance has not yet been achieved. The UH Public Policy Center’s 2021 survey showed that about 52% of respondents would prefer limiting the number of visitors, with even stronger support for this policy on Neighbor Islands and among Native Hawaiians. In recent years, the Hawai‘i Tourism Authority’s (HTA) Resident Sentiment Survey registered a dramatic increase in the number of people who believe that tourism brings more problems than benefits.

The HTA and some county agencies are making serious efforts to address these concerns. **In my view, there is no need to choose between taking immediate actions under our current system and studying how we can improve that system. We can and must do both.**

The State now spends tens of millions of dollars each year for a mix of marketing, visitor education, and the key emerging idea of Destination Management. Dedicating a small amount of that money to exploring what’s working elsewhere and what we might do here in Hawai‘i would be a wise investment.

HTA is filled with experienced and dedicated people – we should not lightly consider further changes to that organization without the benefit of careful study.

But HTA has some challenges. First, its enabling legislation, HRS201-B, focuses on promotion and growth, and it doesn't provide much statutory authority to achieve Destination Management goals on its own.

Second, HTA has a public image problem. Many residents hold the HTA responsible for what some are calling "overtourism." Other residents are likely unaware or skeptical about its new direction. Yet the public also believes tourism needs substantial State management and oversight. The 2021 Public Policy Center study found that 60% of respondents believed that the State should "control or regulate" tourism more than other businesses in Hawai'i.

If the Aloha Spirit toward visitors is to be protected, public faith in the legitimacy of our tourism management system must be restored. This study will help us understand how to do that.

HB1785 calls for analysis of systems developed or proposed elsewhere. It also asks for the development of three possible systems for consideration by the 2025 Legislature.

I think at least one such system might be a centralized destination management organization like HTA. Perhaps another would be a coordinating council among various State and county agencies. The possibility of a permanent advisory council with expanded input and more diversity than the current HTA Board would likely be a feature of one or more systems.

This study could also position Hawai'i to become a global leader in destination management. To my knowledge, there has been no comprehensive study in the academic literature that evaluates all possible governance options for a major tourism market like Hawai'i.

Finally, HB1785 is necessary because of the complex local context for any proposed system of tourism governance.

As you know, Hawai'i must operate within the constraints of the US Constitution, which means that some options will be unavailable to us. We need to keep revenues flowing while better accounting for costs that may be unique to us. Hawai'i also has a particular socio-cultural and political history that must be considered in any destination management plan. Finally, we live in an isolated archipelago where residents and visitors compete for every bit of urban, recreational, coastal, and wilderness *'āina*.

No academic study that focuses on destinations in Europe, Asia, or the mainland United States is going to give us both the global perspective and an understanding of the unique challenges we face here in Hawai'i. The proposed study would.

For these reasons, I urge you to support HB1785 and to provide sufficient funding for a high-quality study. It will provide us with the data we need to ensure that Hawai'i's tourism industry works for visitors and residents in the decades to come.

Thank you for the opportunity to provide testimony.

**Testimony of John M. Knox, PhD, on HB1785 HD1 SD1
Hawai'i Senate WAM and LCA Committees, April 7, 2022**

Chairs Dela Cruz and Taniguchi, Committee members, I'm John Knox, a socioeconomic consultant involved with questions of tourism impacts, resident attitudes, and measuring costs and benefits for the past 50 years. I speak today in favor of the governance study portion of this bill, and urge sufficient funding to allow for broad community input and a thorough understanding of what other tourism destinations have done that might work here. I believe that would be in the \$2 to \$2.5 million range. Note: I'm soon to retire, so it's not for me, and I believe any number of Hawai'i consultants or research groups could help guide prime contractors and specialists in tourism systems elsewhere. There is a growing international network and newsletters for practitioners of what's often called Destination Stewardship that could make qualified bidders aware of this opportunity.

To quickly introduce myself, among other things I was the prime contractor for the Legislature's old "Tourism Impact Management System" in the 1980s. For that, I designed and analyzed the first State-sponsored resident survey of attitudes about visitors in 1988, along with all other publicly-funded resident surveys over the next two decades, for both DBEDT and the new HTA. Colin Moore and I co-authored last year's UH survey of residents on destination management issues. I was prime contractor for much of the Sustainable Tourism Study of the mid-2000s; and I was prime contractor for both of the last two HTA strategic plans, including the current one.

In all of this policy research and planning, the issue of the tourism governance model has increasingly emerged as a central concern. How can you manage impacts effectively, how can you do long-term planning infrastructure or workforce training effectively, without assurance of substantial cooperation from all sorts of other folks? How can you improve that coordination in a balanced way, without making it seem government is *only* about tourism? This is tricky stuff that takes thought and would benefit from knowing about experiences elsewhere.

The creation of the HTA in the late 1990s included a year-long study by the LRB, and did include things like a review of what other state governments were doing just to grow tourism. We need far more information than that now. HTA's DMAP studies are a great first step toward addressing immediate hot-spot issues. But this study would look at long-term issues about ways to improve coordination among agencies that historically haven't always worked together in Hawai'i for tourism planning and impact controls.

This is a revolutionary idea – a mature globally-famous destination trying to do a reset in a careful way with significant public and industry input. We're going to get outside attention, possibly be a model for other places ourselves, and of course this could drive much of our own economic and community lives for the next 20 or 25 years.

Tourism is Hawai'i's most critical economic engine and sometimes its most visible irritant. Please fund the long-term study well – it's a small investment for a big part of Hawai'i. Thank you for the opportunity to provide this testimony.

Aloha Chairs Taniguchi and Dela Cruz and Vice Chairs Ihara and Keith-Agaran,

My name is Frank Haas and I am testifying today as a private citizen in strong support of the proposal to conduct a survey of best tourism management practices contained in HB 1785/HD1/SD1.

Though I am speaking as a private citizen, I have been closely involved with tourism issues over the years, previously serving as Director of Marketing for the Hawai'i Tourism Authority; as a consultant and contributor to three of the HTA strategic plans; as an instructor and administrator at the University of Hawai'i School of Travel Industry Management and Kapi'olani Community College; as a consultant on tourism projects internationally; and as an author of papers and a contributor to publications on sustainable and "smart" tourism.

This best practices study in this bill is an essential complement to the state's recent shift in emphasis from tourism marketing to tourism management. The most recent five-year HTA strategic plan adopted in 2020 clearly calls for this shift and HTA has begun rebalancing its activities and resources to reflect this. The Destination Management Action Plans, or DMAPs, which flowed from the strategic plan, used community input to identify specific issues to be addressed on each island. Apart from HTA, the counties, this legislature, and state agencies have proposed numerous ideas to manage tourism. While all of these activities are well intentioned and often have merit, there is an essential missing piece: to truly address the challenges of tourism and to make it sustainable and regenerative in the long run Hawai'i needs a high level, long term, multi-jurisdictional, multi-agency plan to with the authority coordinate these initiatives within an effective governance structure and framework.

Hawai'i has not been alone in facing the challenges of what has been called "overtourism," and in my work I have found many other destinations that are far more advanced than Hawai'i in developing effective organizational structures to deal with tourism's complexity, some of which are noted in the proposed bill. Many of the organizations pursuing regenerative or sustainable tourism could be contractors for the study proposed in HB1785 – or could provide references for well-qualified contractors. Some recent evidence from my own experience:

- I participated in a tourism policy forum convened by the Harvard Extension School, involving more than thirty participants from around the world and which included a headline finding that "Effective Governance Requires New Forms of Organization."
- I have contributed a case study for the book "Overtourism: Lessons for a Better Future," published by the Center for Responsible Tourism (CREST). This important book includes twenty-two case studies highlighting responses to the challenges of overtourism domestically and internationally.
- In working on other tourism projects, I've discovered dozens of other management plans with issues and structural concerns similar to Hawai'i's.
- There are many other examples of destinations around the world rethinking their traditional governance structures to address the new realities of tourism.

Hawai'i, its counties, and the HTA all have good intentions when it comes to re-orienting and re-focusing tourism. What this bill proposes, though, is assessing how to fundamentally **restructure** it as well: to make progress more coordinated, more effective, and more sustainable. I believe a thorough study of best practices for tourism management could be accomplished by a qualified contractor(s) for a cost in the range of \$2 to \$2.5 million.

There are many different models in the U.S. and globally for funding, managing access, involving community, developing long range plans, and other essential elements of good governance to choose from and learn from. With all of the challenges we face, I believe making an investment in examining other governance models as proposed by this bill would be a wise investment, indeed.

Mahalo for the opportunity to testify.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE SENATE COMMITTEES ON
LABOR, CULTURE & THE ARTS AND WAYS AND MEANS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 211
THURSDAY, APRIL 7, 2022 AT 10:10 A.M.**

To The Honorable Brian T. Taniguchi, Chair;
The Honorable Les Ihara, Jr., Vice Chair; and
Members of the Committee on Labor, Culture & the Arts,

To The Honorable Donovan M. Dela Cruz, Chair;
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair; and
Members of the Committee on Ways and Means,

COMMENTS ON HB1785 HD1 SD1 RELATED TO TOURISM GOVERNANCE

The Maui Chamber of Commerce would like to provide comments on HB1785 HD1 SD1 and specifically address some of the changes proposed in SD1.

We have been supportive of this bill throughout the process as it was creating a Tourism Governance Study. We continue to support this effort. We are also thrilled with the pillars that HTA has created and support this version of the bill that recommends they be included in statute. Further, as a business organization, we support performance-based contracts and feel this would work well with the branding contracts.

However, while we understand the Legislature wants to ensure that the plans remain on track, we feel some sections of this revised bill create a high level of micromanagement and overreach, particularly the section where entities contracted for services or programs cannot fall within more than one of the core functions. This seems to assume that those providing services in one area won't have expertise in others, which may or may not be the case. Particularly in the area of branding, people who do branding often do excellent branding for many industries because they well understand what goes into superior brand and know how to well communicate the brand message through a variety of platforms. Because the brands and work with the four pillars are so interconnected, we can see where messaging and those hired to work on the brand and other core functions might be able to work in multiple areas. The key determination of who handles different areas should be based on their ability, expertise, performance measures, price, etc. Often discounts are made available with broader work and we should not rule out these opportunities. Therefore, we support the recommended language in HTA's testimony with the added qualifications on expertise to allow for the best possible outcomes.



MAUI
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**HB1785 HD1 SD1 RELATED TO TOURISM GOVERNANCE
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Given the new directions with the DMAPs, continuing work involved to pivot and expand these areas, and levels of accountability, we support HTA's proposal on the staffing levels they feel are needed to accomplish the goals. The Maui Chamber of Commerce does not take added positions lightly, given the ongoing and escalating costs. However, this is our number one industry that we are looking to sustain and better manage, and it is an industry that our state, counties, and many other industries and businesses rely upon. Continuing to serve on the Maui Nui DMAP process from the initial plan to ongoing work, we see a high level of accountability, feel that it is important to support the organization during this pivotal time, and support their organizational chart restoring 3 positions and adding a new position.

Lastly, we ask that HTA receive the intended \$60 million in funding.

Mahalo for the opportunity to share our comments on this bill.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.