

STAND. COM. REP. NO. 647

Honolulu, Hawaii

FEB 17 2023

RE: S.B. No. 1522
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 1522 entitled:

"A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an Office of Tourism and Destination Management within the Department of Business, Economic Development, and Tourism that encompasses regenerative tourism and best practice destination management;
- (2) Transfer the functions, duties, appropriations, and positions of the Hawaii Tourism Authority to the Office of Tourism and Destination Management;
- (3) Require the Office of Tourism and Destination Management to implement certain county destination management action plans;
- (4) Dissolve the Hawaii Tourism Authority; and
- (5) Appropriate funds.

Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in



opposition to this measure from Pacific Rim Concepts, LLC and one individual. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism; Hawai'i Tourism Authority; Department of Taxation; Office of Information Practices; Council for Native Hawaiian Advancement; Maui Hotel and Lodging Association; Kohala Coast Resort Association; Hawaii Lodging and Tourism Association; and two individuals.

Your Committee finds that due to mismanagement by the Hawaii Tourism Authority, the award of a \$34,000,000 contract for the marketing of Hawaii as a tourism destination to the United States major market area has been in limbo since 2021. This situation has been widely publicized and has demonstrated the Hawaii Tourism Authority's noncompliance with the State Procurement Code. Your Committee further finds that, prior to the establishment of the Hawaii Tourism Authority, the Department of Business, Economic Development, and Tourism managed the tourism marketing contracts for the State. This measure will re-establish public confidence in the State procurement process by dissolving the Hawaii Tourism Authority and transferring its duties and functions to the Department of Business, Economic Development, and Tourism.

Your Committee acknowledges certain concerns raised in testimony suggesting definitions for new terms including "regenerative Hawaiian cultural heritage business model", "destination management service", and "integrated marketing". Your Committee finds that these suggestions merit further consideration and requests further examination by your Committee on Ways and Means.

Your Committee has amended this measure by:

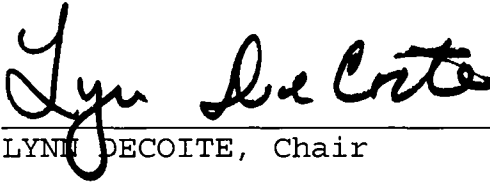
- (1) Inserting an effective date of January 6, 2050, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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. 1522, as amended herein, and



recommends that it pass Second Reading in the form attached hereto as S.B. No. 1522, S.D. 1, 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,


LYNN DECOITE, Chair



The Senate
Thirty-Second Legislature
State of Hawai'i

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

Bill / Resolution No.:* SB 1522	Committee Referral: EET, WAM	Date: 2-16-23		
<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
DECOITE, Lynn (C)	✓			
WAKAI, Glenn (VC)	✓			
FUKUNAGA, Carol	✓	✓		
KIM, Donna Mercado	✓			
FEVELLA, Kurt	✓			
TOTAL	4	1	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes