



Ke'ena Kuleana Ho'okipa O'Hawaii  
Hawaii Convention Center  
1801 Kalākaua Avenue, Honolulu, Hawaii 96815  
[kelepona tel 808 973 2255](tel:8089732255)  
[kelepa'i fax 808 973 2253](tel:8089732253)  
[kahua pa'a web hawaii.tourismauthority.org](http://hawaii.tourismauthority.org)

[Josh Green, M.D.](#)  
Governor

[John De Fries](#)  
President and Chief Executive Officer

Statement of  
**JOHN DE FRIES**  
Hawaii'i Tourism Authority  
before the  
**COMMITTEE ON FINANCE**

Wednesday, March 29, 2023  
3:00 p.m.  
State Capitol Conference Room 308 & Videoconference

In consideration of  
**SENATE BILL NO. 629 SD1 HD1**  
**RELATING TO THE HAWAII'I TOURISM AUTHORITY**

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Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the Committee on Finance,

The Hawaii'i Tourism Authority (HTA) appreciates the opportunity to offer comments on SB629 SD1 HD1, which would require contracts entered into by the Hawaii'i Tourism Authority for the management of the Hawaii'i Convention Center facility to include marketing for all uses of the facility.

The Hawaii'i Convention Center is an important part of HTA's responsibilities and key to the capacity of the Hawaiian Islands to host large meetings, conventions, and incentives. Events of scale often require coordination with multiple properties and venues. In 2019, HB226 passed allowing HTA to contract the marketing of all uses of the Hawaii'i Convention Center separately from the management of the facility.

The current statute allows HTA to procure marketing services through a competitive bidding process seeking the best value for the state. Nothing in HRS 201B-7 precludes the firm managing the convention center from bidding on that procurement.

In December 2021, HTA awarded a contract for Global Meetings, Conventions, and Incentives Marketing and Management Services for the Hawaiian Islands to commence in January 2022. That contractor has been working diligently to rebuild our meetings, conventions and incentives business in the wake of the devastating global pandemic.

Our current convention center management contractor and our Meet Hawaii'i contractor have been working well together, and industry stakeholders we have been in touch with had positive feedback about the collaboration. The following table shows the results of that collaboration:

## Meet Hawai'i Sales Production

| Calendar Year | Citywide Seller FTEs | Definite Citywide Bookings | Definite Citywide Room Nights | Economic Impact <sup>1</sup> |
|---------------|----------------------|----------------------------|-------------------------------|------------------------------|
| 2022          | 3.00                 | 14                         | 144,043                       | \$396 million                |
| 2021          | 2.75                 | 2                          | 4,144                         | \$28 million                 |
| 2020          | 1.50                 | 1                          | 2,279                         | \$6 million                  |
| 2019          | 5.00                 | 17                         | 58,025                        | \$153 million                |

*Source: Meet Hawai'i Tableau/Simpleview Sales Production. Chart shows year event was booked.*

In other highly competitive destinations, it is common practice to separate the marketing and operations of their convention centers. Our current arrangement reflects this common industry practice. This measure would remove HTA's ability to seek competitive proposals for this service through the state procurement process.

While we are encouraged by the strong performance of meetings and conventions in 2022, it is important to note that the planning of large scale meetings involves long lead times and often takes years of preparation to execute. With Hawai'i's recovery in that market still in progress, this is an especially fragile time to disrupt that important work.

Mahalo for the opportunity to provide these comments on SB629 SD1 HD1.

<sup>1</sup> Economic Impact represents Sales generated (direct, indirect, and induced) calculated using DBEDT's Input-Output model. For more on the Input-Output model, see [https://dbedt.hawaii.gov/economic/reports\\_studies/2017-io/](https://dbedt.hawaii.gov/economic/reports_studies/2017-io/).

**SB-629-HD-1**

Submitted on: 3/28/2023 12:15:17 PM

Testimony for FIN on 3/29/2023 3:00:00 PM

| <b>Submitted By</b> | <b>Organization</b>                      | <b>Testifier Position</b> | <b>Testify</b>            |
|---------------------|--|---------------------------|---------------------------|
| Jon Kimball         | Marriott International,<br>Hawaii Market | Oppose                    | Written Testimony<br>Only |

Comments:

Members – Committee on Finance:

The purpose of this note is to express my strong opposition to Senate Bill 629. There is no need to change the current statute as proposed by HB229 and SB629. The current law, [HRS 201B-7\(a\)\(7\)](#), appropriately gives the State of Hawaii, represented by HTA more flexibility to make sure they have the best contractors doing the Hawaii Convention Center (HCC) citywide sales and marketing for the Hawaii Convention Center (HCC) through a competitive procurement. If you conduct an audit of competitive convention centers around the world, you'll find that the vast majority of citywide sales and marketing support is provided by the visitor bureau (CVB) for the destination. Citywide events use the entire destination the Convention Center, Cultural Events, Activities and Attractions, Restaurants, Lodging and more the Convention and Visitors Bureau has the experience to promote the entire destination versus a convention center sales team who focuses on selling just the convention center building space itself to local events.

Both HTA and the HCC have stated that the current organization works effectively, and a change would only complicate issues and likely result in less business booked. I do not believe there is a need to make any change at this time and strongly oppose Senate Bill 629.

**Jon Kimball**

Market Vice President, Hawaii & French Polynesia